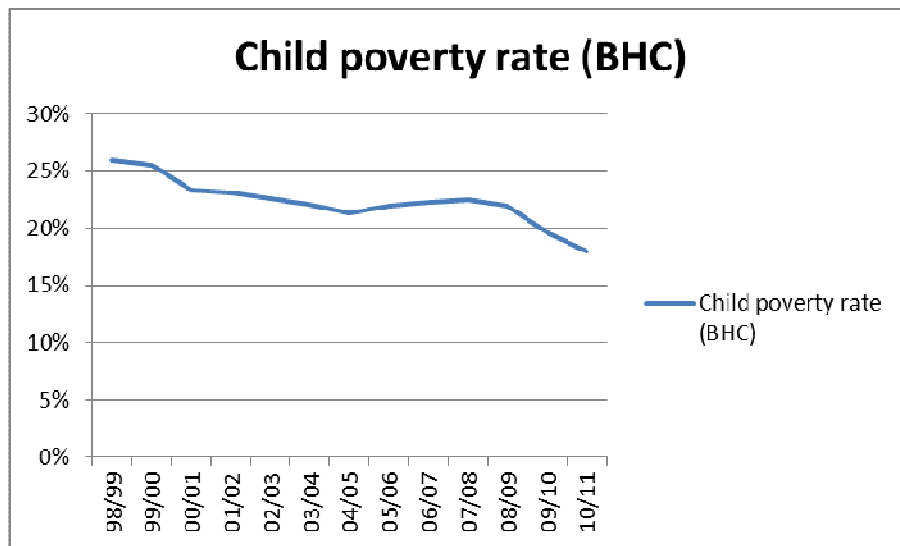


## What do we want from social security?

Kate Bell, Child Poverty Action Group

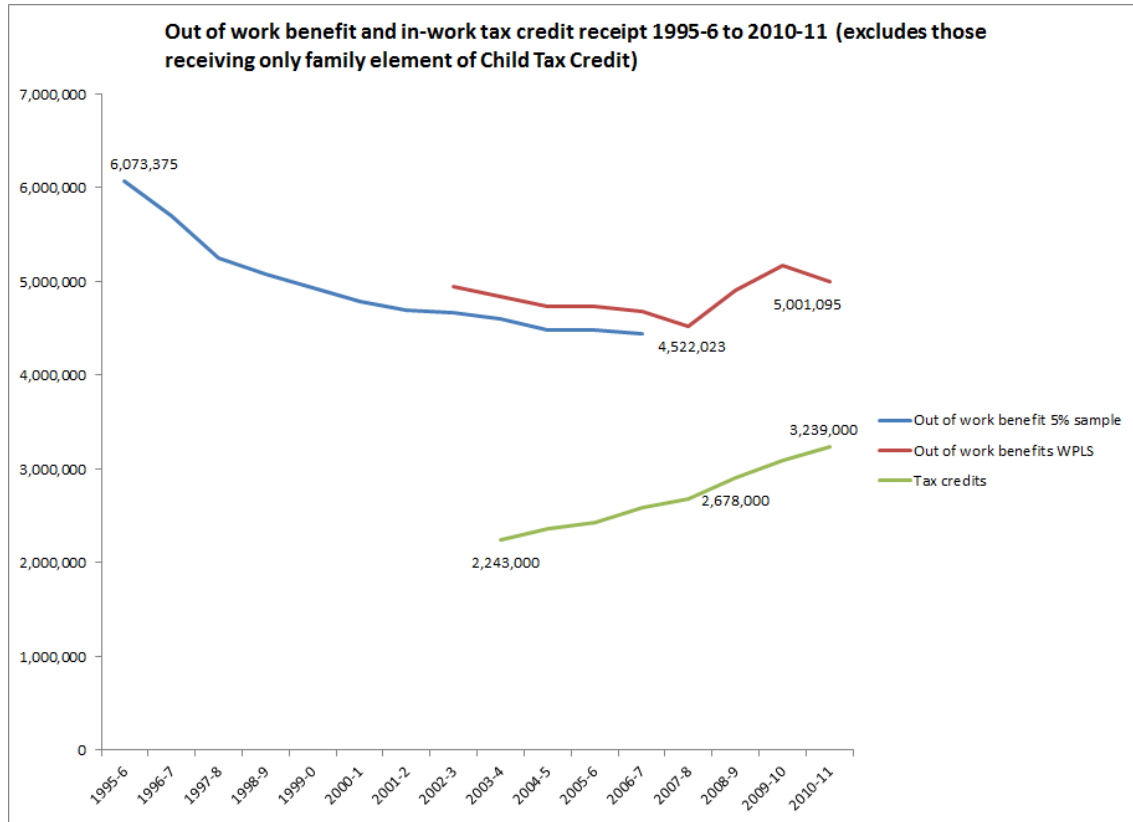
Before examining spending choices around social security, we need to decide what we want from the social security system. At Child Poverty Action Group, it's obvious that we want a system that prevents poverty amongst families with children. In order to achieve this, it's clear that this needs to be a system that promotes sustainable employment. And we want it to achieve these goals in a way that ensures that individuals are not stigmatised.

How has the system been doing at achieving these goals over the last ten years? At first glance, it looks like prior to the recession, the system was doing a reasonably good job. Chart 1 shows the proportion of children living in poverty between 1998-99 and 2010-11. Although the target to halve child poverty by 2010 was missed, there were over a million fewer children living in poverty in 2010/11 than in 1998/99.



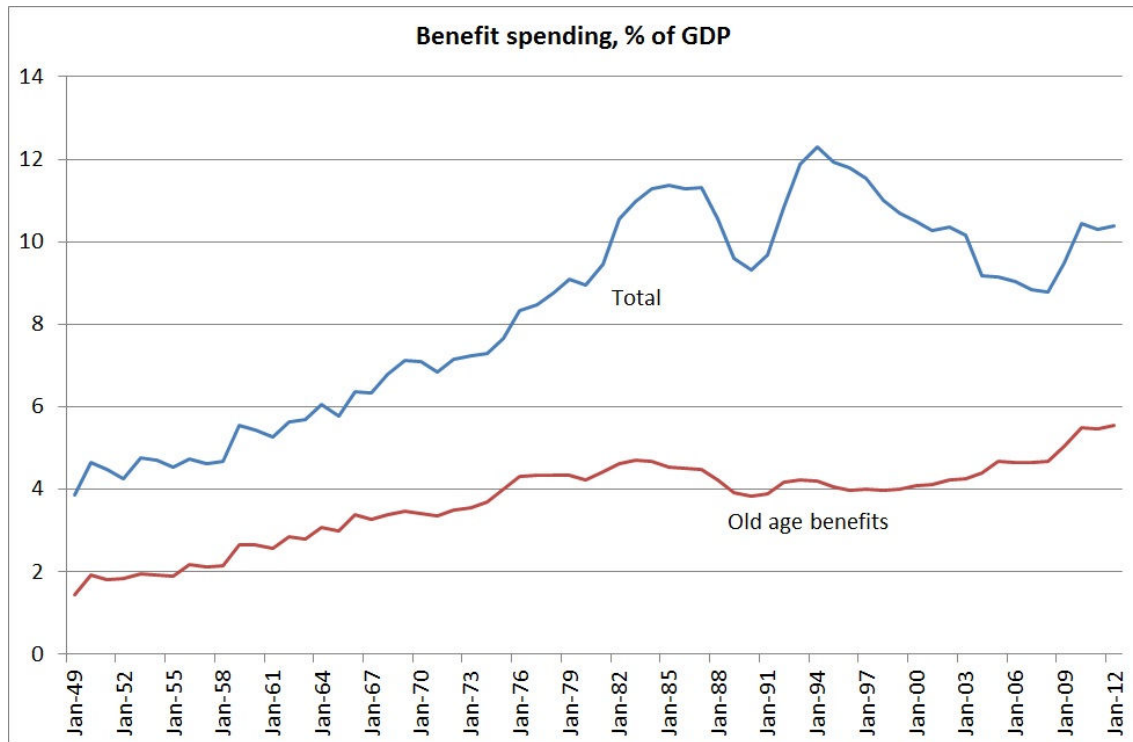
We [know](#) that a large part of this success was due to the increased generosity of benefits for families with children during this period. Was this achieved at the expense of promoting employment? Chart 2 (taken from Declan Gaffney's chapter in CPAG's [publication on the uprating bill](#)) looks at the proportion of people claiming out of work benefits. We can see sharp falls in the numbers of those claiming out of work benefits prior to the recession. These falls include the significant increase in lone parent employment – now [up over fourteen percentage points](#) from 1997. And while out of work benefit receipt has been rising since the onset of recession, the IFS suggest that the benefit system has been doing a good job of keeping inactivity levels low, [finding that](#): "*Following the recessions in 1979 and 1990, there was a sharp increase in inactivity rates, as individuals either gave*

up looking for jobs after a period of unemployment or chose not to enter the labour market. ...In contrast, the proportion of the working-age population who are economically inactive today is low by historical standards.”



Have these results been achieved at the expense of an ever rising social security budget? Again, prior to the recession, the proportion of GDP spent on social security was broadly stable, with increases in spending on families and children offset by decreases in the amount spent on out of work benefits. Chart 3 shows benefit spending as a proportion of GDP from 1949 to 2012 (taken from Jonathan Portes’ chapter in CPAG’ uprating publication). We can see that expenditure on working age benefits prior to the recession was on a downwards trend.

Chart 3: Benefit spending as a percentage of GDP, 1949-2012



Source: Reproduced from [stumblingandmumbling.com](http://stumblingandmumbling.com) Benefits data are sourced from the DWP benefit expenditure tables; GDP data from the ONS.

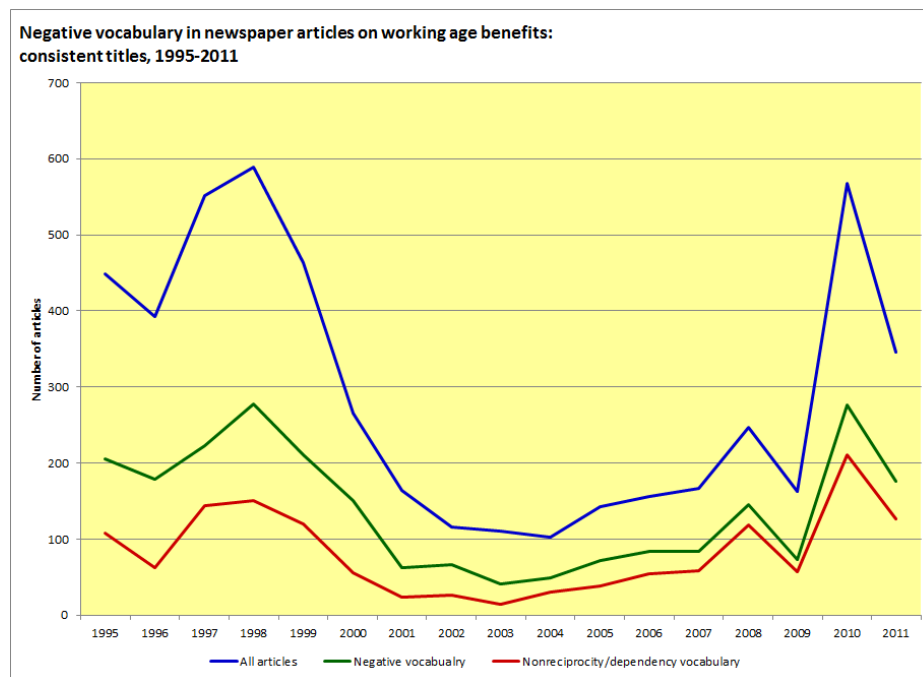
Two areas however stand out as showing increases in expenditure that we might see as failing to meet the goals of poverty prevention and increased employment. Firstly, as Shelter has [pointed out](#), Housing Benefit expenditure nearly doubled in the past decade to an estimated £21.6 billion. Increased caseloads (since the recession, prior to which caseloads were falling), a shift from the social rented to the private rented sector and the huge increase in private sector rents (70 per cent between 1997/8 and 2007/8) have all played a part. But this is a problem outside of the social security system rather than one caused by it; as the IFS put it, *“The dramatic increase in Housing Benefit expenditure on working-age households ... largely reflects rapidly-rising private sector rents and a declining social housing stock, rather than substantial changes in policy.”*

Secondly, there has been a significant increase in the proportion of people claiming in-work tax credits; represented by the green line in chart 2. Again, there are several factors driving this change; the increase in the number of families in work (prior to the recession), and the increase in the generosity of the system have played a part. But it also reflects the fact that real wages for low to

middle earners were [stagnant for some years prior to 2008](#) and have been [falling since](#). Again, social security expenditure is compensating for costs created outside of the social security system.

If we want to look for ways to reduce social security expenditure, it's therefore outside that system that we need to start. Beveridge said that his system could only function in the presence of full employment, family allowances and a National Health Service. We might want to add a functioning housing market, and a labour market that delivers secure jobs to that list, and perhaps a childcare system that enables parents to access that labour market on equal terms.

One final area where it seems that the system has been doing less well is in achieving these goals while preventing stigma. We don't have good data for the amount of stigma actually experienced by benefit claimants, but it's clear –as we can see in Chart 3 (taken from [Benefit Stigma in Britain](#), published by Turn2Us) that the use of negative language in the media has been rising.



But it's arguable too that this reflects changes in factors outside of the social security system – in this case the rhetoric that surrounds it – rather than changes in the system itself. Most stories about fraud in the media originate from the Westminster policy process. If we're seeking to reform social security, we need to be clear about what we want to achieve – and what is actually preventing us from doing so.