

## Thirteen

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# Universalism: shifting the balance

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Universal benefits<sup>1</sup> and services bind society together and can help maintain public support for social provision. Most developed welfare states have a mix of different kinds of benefits and services; but countries with all-encompassing and generous systems generally tend to have lower levels of poverty and better redistributive outcomes overall.<sup>2</sup> A recent study found that targeting benefits on children mattered even more for reducing child poverty than generally targeting those on lower incomes.<sup>3</sup> And globally, there is a 'growing appetite for universal approaches to direct support'.<sup>4</sup>

The arguments for universal services such as free healthcare for all are generally accepted in the UK. But there are also good arguments for universal provision of social security benefits, and other services for children. Here, we focus on child benefit, but also look more briefly at universalism in services, including childcare and free school meals.

In the UK benefits system generally, including support for children, there has been a long-term trend (with some exceptions and interruptions) towards the marginalisation of more universal benefits, as means testing has been extended in scope. We argue here for the reversal of this trend, and in favour of more emphasis on universalism.

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### **In support of universalism**

There are both principled and practical arguments in favour of universalism.

Universal benefits and services can help prevent poverty, rather than merely trying to relieve it after it has already struck. They promote social solidarity,<sup>5</sup> and redistribute resources without divisions into givers (taxpayers) and takers (recipients). This division has been shown to be largely a myth, in fact, with much of the welfare state redistributing across the life cycle, not just between people on different incomes.<sup>6</sup>

Universal benefits and services do not usually require someone to

expose their resources (income and assets) to external scrutiny by officials in order to qualify. So they are better placed to uphold human dignity, which lies at the heart of a human rights perspective.<sup>7</sup> In addition, with families more fluid,<sup>8</sup> and the labour market often providing precarious employment with volatile incomes,<sup>9</sup> universal benefits and services can provide a grounding of genuine security.<sup>10</sup> And, for many in the UK claiming the new 'super means-tested benefit' universal credit, non-means-tested benefits give a safety net of regular income that can be relied on.

Practically, because take-up is higher, universal benefits and services often reach far more of those living in poverty than provisions targeted on them do.<sup>11</sup> They do not create a disincentive to someone trying to improve their income or assets, because they are usually not withdrawn as these increase.<sup>12</sup> Although they are likely to be more expensive in total because they reach more people, they tend to cost less to administer per recipient,<sup>13</sup> and involve fewer 'costs of compliance' for someone claiming.<sup>14</sup> Finally, and crucially, because more people have a stake in universal benefits and services, these are likely to attract wider and therefore more sustainable public support.<sup>15</sup>

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## **Universal child benefit**

There is currently a global push to urge countries to provide universal benefits for children.<sup>16</sup> In the UK, child benefit was introduced in the late 1970s, to replace child tax allowances as well as family allowances (the benefit for children introduced in the 1940s).<sup>17</sup> So among its multiple functions is horizontal redistribution – providing help with the costs of children, because those with children at any income level have less 'taxable capacity' (lower income compared with their needs) than those without.<sup>18</sup> And it redistributes resources over the life cycle, giving more when they are needed more.

Child benefit has many of the advantages of universal benefits and services described above. But in addition, it is an investment in the next generation by society, as children are '20 per cent of our population but 100 per cent of our future'.<sup>19</sup> And it demonstrates the value placed on children in their own right, as human beings, not just 'becomings' (future adults).<sup>20</sup>

Because child benefit is labelled as being for children, it is more likely to be spent on them.<sup>21</sup> It is paid to the mother or main carer, so gives her (usually) some degree of autonomy. This also means that it 'follows the child' through changes in family/partnership status<sup>22</sup> – particularly important

in cases of domestic abuse, including financial coercion.<sup>23</sup>

Wages cannot – and should not – vary with family size. Child benefit supports lower-paid workers and those in ‘in-work poverty’ by being paid in as well as out of employment, without subsidising low pay (for which means-tested tax credits have sometimes been criticised).

Last but not least, these many functions of child benefit give it different constituencies of support and therefore arguably greater resilience to political pressures.

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## **Policy since 2000**

Labour governments (1997–2010) protected child benefit, while also emphasising means-tested provision, in particular tax credits, which they extended further up the income scale. They called this ‘progressive universalism’ (unfortunately in the process suggesting that universalism in itself is not progressive – which it can be, depending on how it is financed and the distribution of risks across the population). Social security, including child benefit, was also protected when the financial crisis hit in 2008.

But the Coalition (2010–15) and Conservative governments since then have reduced child benefit in real terms, meaning that it has now lost 23 per cent of its value.<sup>24</sup> In addition, tax credits and means-tested benefits for families have suffered a range of cuts, most benefits for those under pension age have been frozen for the past four years, and universal credit has cemented means testing at the heart of the social security system.

Not only that, but since 2013 parents (or their partners) who earn £50,000 per year or more must pay the ‘high income child benefit tax charge’,<sup>25</sup> which involves paying more tax, if one of them is receiving child benefit. By the time their income is £60,000 per year, this additional tax is equivalent to the value of the child benefit they or their partner receives. The only alternative is to give up child benefit.<sup>26</sup> In 2017/18, out of some 7.3 million recipients, over 800,000 (some 11 per cent) were paying the charge or giving up child benefit.<sup>27</sup> Unless thresholds are increased, a fifth of families will soon be losing some child benefit.<sup>28</sup>

This charge compromises both the universal nature of child benefit and the principles of independent taxation for men and women. It makes the tax system more complex and imposes high tax rates (even higher for those with several children) over a band of income. Someone who gives up their child benefit may miss out on pension rights later if they do not claim and then renounce it; and their children do not get a national

insurance number automatically at age 16.

The government argument was that people on higher incomes should contribute to deficit reduction. But the high income child benefit tax charge only involved those claiming benefits – indeed, tax allowances were increased in real terms, meaning that together with the child benefit freeze the balance of the fiscal system was tilted against those with children. If it was thought that the better off should pay more tax, this should apply to all, not just those raising children now.

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## Where next?

In relation to **social security**, in view of the above arguments, we would argue that the balance between universal and means-tested benefits for children is now wrong, as is the balance between tax allowances for all income tax payers and child benefit for parents.

There should be a return to universal child benefit, by abolishing the high income child benefit tax charge. Child benefit should be uprated annually by at least inflation, and the value lost through freezing it in recent years restored. In the longer term, we must ensure a sustained commitment to child benefit by governments of whatever political persuasion.

**Universal services** for children are also important. Examples here include childcare, Sure Start/children's centres and universal extended schools provision, all of which were introduced and/or expanded by recent Labour governments. But more recently, while free early years education for three- and four-year-olds was expanded from 2017,<sup>29</sup> universalism has been compromised, by restricting the additional hours to parents in employment earning between a minimum and a maximum amount.<sup>30</sup> These restrictions should be abolished, and free early years education extended to all two- to four-year-olds.

Free school meals were taken in the opposite policy direction by the Coalition government, however, with the announcement in 2013 of universal provision for all children in reception classes and years one and two in primary school.<sup>31</sup> A recent CPAG report recommends extending free dinners to all school children, in part because the cafeteria system for older children can leave those on free school meals hungry and shamed.<sup>32</sup>

There is also growing support for free breakfasts in school, which are reported by teachers to help children from both an educational and health perspective.<sup>33</sup> These are usually provided on a universal basis, without a means test for children who receive them. However, this is different

from Labour's universal extended schools provision, as schools are eligible for financial help from the government to pass on to the breakfast providers if at least half their children fall within certain disadvantaged categories<sup>34</sup> (with this funding now being extended beyond March 2020).

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## Conclusion

Universal services are important in part because they bring children from all backgrounds together, with benefits for all, but particularly for those from disadvantaged backgrounds.<sup>35</sup> Together with universal social security provision, this lays the foundation for a socially cohesive society from the start, in which everyone feels valued in their own right. Universalism should be one of the central principles of any future strategy to tackle child poverty in the UK from 2020 onwards.

## Notes and references

- 1 'Universal' may be used in different ways. By 'universalism' what we mean here is not just comprehensive coverage of benefits and services, but also provision that is not means tested (paid only to those with low incomes and/or assets). It may not be available to every member of the population, but is usually for all in a specific category, such as children.
- 2 This was originally called the 'paradox of redistribution' (W Korpi and J Palme, 'The paradox of redistribution and strategies of equality: welfare state institutions, inequality and poverty, in the western countries', *American Sociological Review*, 63(5), 1998, pp661–89). It has been contested recently (eg, see L Kenworthy, *Progress for the Poor*, Oxford University Press, 2011), especially because of the 'deservingness' bestowed by means-tested help for those in work on low incomes. However, within countries McKnight (2015) has shown that periods of more targeted provision coincide with less reduction of inequality and poverty (taken from Box 3 in O Thévenon and others, *Child Poverty in the OECD: trends, determinants and policies to tackle it*, OECD, 2018, p48). See also D Gugushvili and T Laenen, *Twenty Years after Korpi and Palme's Paradox of Redistribution: what have we learned so far, and where should we take it from here?*, SPSW Working Paper No.5, Centre for Sociological Research, Catholic University of Leuven, 2019, especially p21.
- 3 E Barcena-Martin, MC Blanco-Arana and S Perez-Moreno, 'Social transfers and child poverty in European countries: pro-poor targeting or pro-child targeting?', *Journal of Social Policy*, 47(4), pp739–758 (although Jonathan Bradshaw argues that the level of benefits seems to be more important than their structure, in *Child poverty and child benefits in Europe*, briefing paper for Secure Futures, CPAG, 2020).
- 4 There is a Global Partnership for Universal Social Protection to Achieve the Sustainable Development Goals (agreed by many governments in 2015): [www.social-protection.org/gimi/gess/NewYork.action?id=34](http://www.social-protection.org/gimi/gess/NewYork.action?id=34).
- 5 J Gregory and T Horton, *The Solidarity Society*, Fabian Society, 2010
- 6 J Hills, *Good Times, Bad Times: the welfare myth of them and us*, Policy Press, 2014

- 7 EK Gubrium, S Pellissery and I Lodemel, *The Shame of It: global perspectives on anti-poverty policies*, Policy Press, 2013, in particular final chapter
- 8 F Bennett, 'The developed world', in *Megatrends and Social Security: family and gender*, International Social Security Association, 2017, pp10–26
- 9 A Haldane, Chief Economist, Bank of England, 'Climbing the job ladder', speech at Glanford Park Stadium, Scunthorpe, 23 July 2019
- 10 R Lister, *Seeking Security in an Increasingly Insecure World*, briefing paper for Secure Futures, CPAG, 2019
- 11 HM Revenue and Customs, *Child Benefit, Child Tax Credit and Working Tax Credit: take-up rates 2016 to 2017*, December 2018 (although the high income child benefit tax charge affects child benefit take-up)
- 12 R Farthing, *Save Child Benefit*, CPAG policy briefing, 2012
- 13 D Gugushvili, and D Hirsch, *Means Testing or Universalism: what strategies best address poverty?*, Centre for Research in Social Policy, Loughborough University, for Joseph Rowntree Foundation, 2014
- 14 F Bennett, M Brewer and J Shaw, *Understanding the Compliance Costs of Benefits and Tax Credits*, Institute for Fiscal Studies, 2009
- 15 As argued originally by W Korpi and J Palme, 'The paradox of redistribution and strategies of equality: welfare state institutions, inequality, and poverty in western countries', *American Sociological Review*, 63(5), 1998, pp661–687
- 16 A conference on 'Universal Child Grants' was organised by UNICEF, the International Labour Organization (ILO) and the Overseas Development Institute on 6–8 February 2019 in Geneva. See [odi.org/events](http://odi.org/events). See also [unicef.org/social-policy/universal-child-grants](http://unicef.org/social-policy/universal-child-grants); and L Yang and others, *Universal Child Benefit and Dignity and Shame*, UNICEF, 2019
- 17 F Bennett, with P Dorman, *Child Benefit: fit for the future*, CPAG policy briefing, CPAG, 2006
- 18 F Bennett, 'Taxation, couples and children', in J Bradshaw (ed), *Let's Talk About Tax*, CPAG, 2019, pp70–78
- 19 Gordon Brown MP, then Chancellor of the Exchequer, speech, reported in "School gate mums" are new target', *The Guardian*, 15 April 2005
- 20 R Lister, 'Children (but not women) first: New Labour, child welfare and gender', *Critical Social Policy*, 26(2), 2006, pp315–335
- 21 SJ Lundberg, RA Pollak and TJ Wales, 'Do husbands and wives pool their resources? Evidence from the UK child benefit', *Journal of Human Resources*, 32(3), 1997, pp463–480
- 22 JC Brown, *Child Benefit: investing in the future*, CPAG, 1988
- 23 M Howard, *Benefits or Barriers? Making social security work for survivors of domestic violence and abuse across the UK's four nations*, Women's Budget Group, 2019
- 24 A Garnham, *Social Security: where have we been and where are we going?*, report for Secure Futures, CPAG, 2019
- 25 [gov.uk/child-benefit-tax-charge](http://gov.uk/child-benefit-tax-charge); see also A Seely, *The High Income Child Benefit Charge (HICBC)*, Briefing Paper No.8631, House of Commons Library, 2019
- 26 For a discussion of the impact and issues, see F Bennett, 'Taxation, couples and children', in J Bradshaw (ed), *Let's Talk About Tax*, CPAG, 2019, pp70–78
- 27 Office of Tax Simplification, *Taxation and Life Events: simplifying tax for individuals*, 2019
- 28 C Emmerson, R Joyce and T Waters, 'Stealthy changes mean that soon one in five families with children will be losing some child benefit', *Observation*, Institute for Fiscal Studies, 2019
- 29 This expansion was from 15 to 30 hours per week in England. Provision varies in the devolved administrations. This applies to term time only. Providers have argued that insufficient funding is provided.

- 30 [gov.uk/government/news/30-hours-free-childcare-launches](https://www.gov.uk/government/news/30-hours-free-childcare-launches)
- 31 [gov.uk/government/news/free-school-lunch-for-every-child-in-infant-school](https://www.gov.uk/government/news/free-school-lunch-for-every-child-in-infant-school)
- 32 R O'Connell, A Knight and J Brannen, *Living Hand to Mouth: children and food in low-income families*, CPAG (now open access), 2019
- 33 *Making the Case for School Breakfasts: improved educational and health outcomes for children*, Magic Breakfast, 2019
- 34 National School Breakfast Programme, *Food for Thought*, 2019
- 35 L Gamaro, K Stewart and J Waldfogel (eds), *An Equal Start? Providing quality early education and care for disadvantaged children*, Policy Press in association with University of Chicago Press, 2014