

PROBLEMS OF INTRODUCING A GUARANTEED MAINTENANCE

ALLOWANCE FOR ONE-PARENT FAMILIES

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I shall first discuss the reasoning which led the Finer Committee to recommend a Guaranteed Maintenance Allowance and then, because that reasoning seems to be faulty, put forward in broad outline the kind of alternative policy, or set of policies, which might more justifiably be developed.

The Committee examined the proposition that "a large proportion of one-parent families were suffering hardships because of a severely restricted income."⁽¹⁾ In their view a number of official and independent studies⁽²⁾ "overwhelmingly confirmed" the proposition. "With only a few individual exceptions, fatherless families are considerably worse off financially than two-parent families. They are distinguished particularly by their dependence on one adult alone to provide the family's income, and handicapped by the relatively low level of earnings which mothers with children, particularly young children, can achieve, mainly because of low rates of pay for women's work, but also, to a much lesser extent, because of the restriction they may have to place on the hours which they can work. The consequence is that a high proportion of fatherless families, particularly those with very young children, rely on supplementary benefit and have little or no other income."⁽³⁾

The crucial data deserve to be summarised. First, poverty. The Finer Committee quoted an average for the period 1969 to 1971 of 200,000 fatherless families receiving supplementary benefit, plus 43,000 not receiving benefit who were

- 1) Report of the Committee on One-Parent Families (The Finer Report), CMND 5629, Vol. 1, London, HMSO, 1974, p.242.
- 2) Particularly Hunt, A., Fox, J., and Morgan, M., Families and Their Needs, London, HMSO, 1973; Marshall, R., Families Receiving Supplementary Benefit, DHSS Statistical and Research Report Series, No.1, HMSO, 1972; "The Financial Circumstances of One-Parent Families", An Analysis by the Statistical Research Division of the DHSS of the Family Expenditure Surveys, 1969-71, Appendix 10, Vol.II of the Finer Committee's Report; George, V., and Wilding, P., Motherless Families, London, Routledge, 1972.
- 3) Report of the Committee on One-Parent Families, loc.cit., p.261.

living below the supplementary benefit level and another 22,000 having resources of less than £2 higher than that level. Allowing for an estimated 15,000 motherless families in poverty or on its margins (including about 7,000 actually receiving supplementary benefit) the total number of one-parent families living on supplementary benefit, or below or within £2 of that standard was 280,000 or approximately 45 per cent.⁽¹⁾ It is doubtful whether such a high proportion of any other minority in the population, such as the elderly, the disabled, the long term sick or even the unemployed, live at these low levels.

Second, low income relative to that of two parent families. A 1970 study in five areas (Dorset, Dundee, Glamorgan, Halifax, Haringey) by the Social Survey Division of the Office of Population Censuses and Surveys found that "in all areas the mean usual income and the mean adjusted income, (allowing for size of family) of fatherless families are less than half those of two-parent families."⁽²⁾

The committee argued for extra help for one-parent families on grounds of the evidence of general and persistent low levels of income; the evidence of needs not very different from those of a two-parent family; the lack of any worthwhile financial gain by combining part-time work with supplementary benefit; the low level of income among working one-parent families compared with two-parent families; and the inadequacy and uncertainty of maintenance payments as a source of income.⁽³⁾

They did not consider that these problems could be adequately dealt with through existing systems of supplementary benefit, family income supplements and family allowances (or child tax credits) and rejected proposals for a

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- 1) Report of the Committee on One-Parent Families, op.cit., p.254 and Appendices 9 and 10.
 - 2) Hunt, A., et al., op.cit., p.31.
 - 3) Report of the Committee on One-Parent Families, op.cit., pp.266-269.

child and child care allowance, put forward by the National Council for the Unmarried Mother and her Child (now the National Council of One-Parent Families), and for a fatherless family allowance, put forward by Mrs. Margaret Wynn. They objected to the contributory basis of the former, for example, because the insurance principle was "here being stretched so thin", and because many well-off families would become entitled to allowances and "we have grave doubts whether it would be a defensible use of resources."^(p.280) They objected to both proposals because motherless families were not included and went on to argue that the inclusion of motherless families reinforced the arguments for a means-tested benefit, since many of these families were well-off.

The key features of the proposal for a Guaranteed Maintenance Allowance which then emerged from their argument were that the adult child-care component should be means-tested, that both adult and child allowance should be non-contributory, that the benefit should be administered on the lines of the family income supplements scheme, that the authority administering the allowance should also assess and collect maintenance payments from husbands, and that the level of benefit, in conjunction with family allowances or tax credits would normally be sufficient to bring one parent families off supplementary benefit even if they had no earnings.

Should the Allowance be Paid to the Better-Off?

Are there substantial numbers of one-parent families who do not require support from a social system of benefits? The Committee ^{assumed that there were. This was} the first assumption made by the Committee which might be questioned. Certainly there is evidence from various surveys that a considerable proportion - particularly of motherless and widowed mother families - have incomes substantially above the State's

poverty line. But this may not mean they do not experience hardship, nor may it mean they are not at a disadvantage when compared with two-parent families. The incomes of some one-parent families fluctuate from period to period. Major sources of income may neither be regular nor dependable. There are extra costs or a greater risk of loss of earnings due to illness and other interruptions of employment. A move to a new home, or the purchase of new stocks of clothing, linen and furniture may make large and necessary claims upon income for a long period ahead. Indeed, the arguments adduced by the Finer Committee in the section of their report entitled "The Need for Extra Help" (pp.266-269) especially about the low incomes of one-parent families relative to two-parent families, the uncertainty of maintenance payments and the "restriction of their ability to earn because they may not be able to work overtime, or they may have to give up work in the school holidays, or take time off when a child is sick," seem to contradict their own policy conclusion. Paradoxically they themselves make the case for an allowance as of right for all one-parent families and not just the poorest among them.

The assumption also has to be examined in relation to the treatment in social security of other groups. Are there substantial numbers of the sick, retirement pensioners and widows who do not require their national insurance benefits? The problems of variation in private provisions, loss in value of certain forms of private benefit during inflation and the kind of security afforded by comprehensive schemes underwritten by the nation, all point to the need even of middle-income groups among the sick, the retired and the widowed for support from society, at least up to a generous basic level.

Is it Preferable to Means-test the Poor or Tax the Rich?

The second assumption made by the Committee was that if there were some one-parent families who did not need a new allowance (and therefore public expenditure

which could be saved) it was better to apply a test of means to the poor to determine eligibility for the allowance than pay the allowance to all and tax part or all of it back from the rich. The Committee failed to discuss this issue at any length. Only one paragraph (5.103) in the entire report of 519 pages was devoted to the question of "clawing back" a flat-rate benefit through taxation. On the face of it there would seem to be strong arguments in favour of paying the allowance to all and taxing part or all of it back from the few with high incomes. Indeed, the Committee itself were inconsistent, arguing that all families should be eligible for the children's portion of GMA but that the adult's portion should be means-tested. But the arguments for the latter appear to be weak. Benefits awarded only after test of means are notoriously inefficient. Many people who are eligible in principle for them do not in practice apply. And the more the rules of eligibility are relaxed or simplified to encourage applications the more arbitrary, and unfair, are the different amounts paid. Again, it seems administratively wasteful to apply a test of means to, say, 80 per cent of adults who are eligible for benefit⁽¹⁾ than to recapture the benefit back from the other 20 per cent paying more than trifling amounts of tax.

Most of the objections to claw-back voiced by the Committee were based on the further assumption that the tax credits scheme would be introduced. The Committee did not believe employers, who were expected only to apply the simple rates of tax credit, could operate complex rules of clawback. However, the Labour Government has rejected the Tory Government's tax credit scheme, and we need no longer assume that the delegation of Inland Revenue responsibilities to employers will make further schemes of progressive taxation impracticable. Unaccountably, the Finer Committee did not pursue the question. They said only that the practical and technical problems were formidable, but did not elucidate. They

- 1) The Committee did not say how many would benefit from GMA but their estimates of gross cost suggest that a minimum of 450,000 and a maximum of 550,000 of the 620,000 families would be entitled to part or all of the adult allowance.

did not explain how many one-parent families would not qualify for GMA or how many would need to be deprived of an allowance if, for purposes of ensuring it would reach the poor, it were paid to all families. For example, special arrangements could be made by the Board of Inland Revenue to notify lone parents of liability to a special rate of clawback, giving them the option of paying back weekly or monthly on certain presumptions about their annual incomes, or tax being reclaimed retrospectively at the end of the tax year.

Can a Means-tested allowance Reach those for whom it is Intended?

The third assumption was that GMA would be taken up by all those for whom it was intended. The Committee made great play of the need to rescue as many families as possible from supplementary benefit and, indeed, argued that their scheme would achieve this purpose better than either the National Council's or Margaret Wynn's scheme. "We estimate that GMA would remove all but a few one-parent families from supplementary benefit: over 90 per cent of all one-parent families who now draw supplementary benefit for three months or more would no longer need it."^(p.288) The issue can be presented sharply. "What is the point of rescuing families from the SBC if only to submit them to an alternative means-tested scheme? Since the war hopes have been invested in two reconstituted bodies - the National Assistance Board and the Supplementary Benefits Commission. It is because those hopes have proved ill founded and because growing scepticism is being expressed about a third model favoured by the Finer Committee - the Family Income Supplements scheme - that the Committee's arguments on behalf of the administration of GMA have to be probed carefully. The Committee did not discuss the problem of take-up and seemed to believe all or nearly all eligible families would

apply for and receive, allowances. Yet this by no means follows from their argument. The committee made one striking admission. "We are concerned that some lone parents feel themselves to be in a vulnerable position and are discouraged from pursuing rightful claims by complicated requirements, or by a hostile or intrusive attitude which they believe to be demonstrated by officers of the Supplementary Benefits Commission with whom they come into contact. We would accordingly stress the need for administration of GMA to involve as little burden and as little embarrassment as possible for the claimant". (p. 308)

Why then are there grounds for doubt that a separate administration would establish better trust with the public? First, the proposals about disregarded income, deduction of maintenance payments, assessment and confirmation of one-parent family status, and tapering of GMA according to income, may be less simple to administer than supposed, or if reasonably simple, may be unfair or arbitrary for some categories of family. The Committee recognised, for example, that their proposal to incorporate an average amount for rent into the GMA (pp. 291-292) was both tentative and crude and might have to be changed.

Second, the Committee argued that the new body should be responsible for collecting maintenance payments from husbands and that a cohabitation rule would be "unavoidable" (page 307). Apart from saying there would be a legal entitlement to receiving the allowance for a three months period the Committee did not otherwise explain why the new body would act very differently from the SBC. Indeed, their proposal that there should be a three months waiting period before the allowance could be paid, means that many families would be subject to SBC procedures during the difficult early stages of marital separation and there would be in practice pressures for contact, and the communication of information, between the two bodies. Moreover, the Committee were equivocal about the form of administration and argued that

there were both disadvantages and advantages about close association with the SBC. They were not categorical in preferring a separate authority and acknowledged there were advantages in making GMA one of the responsibilities of the supplementary benefits administration. "It is . . . clear that the SBC would have to deal with many one-parent families at the moment of time when the family splits, and on other occasions of particular financial hardship, and, obviously, it would be valuable to be able to make use in the administration of the new allowance of the skill of those commission officers with experience in 'liable relative' work" (p. 308) Because of combined administration, close association or the inheritance of procedures, personnel and claimants, the new authority would find difficulties in establishing a separate identity from the SBC.

The Committee took comfort from the model of FIS, arguing that claims and enquiries would so far as possible be dealt with by post. But they said it was "difficult to measure to what extent the postal system disadvantages the claimant" (p. 308). They must have been aware of the low take-up of FIS, and are certainly aware of its crudity, saying, for example, "it is possible for benefit to be paid, quite lawfully, for nearly twelve months after the last child has left the family". (p. 310). They do not appear to have instituted any inquiries into FIS and yet were disposed to accept its administration as a model for GMA.

Should allowances be contributory or non-contributory?

The Committee may have adopted too quickly the further, and related assumption that allowances should be non-contributory. Certainly the report does not contain any very searching discussion of the arguments, and the National Council's recommendation for a contributory benefit appears to have been rejected on insufficient grounds. The crucial historical point which needs

to be made about the contributory system of benefits is that socially, politically and psychologically entitlement to benefit has come to be recognised and approved without question. The trades union movement believes the contributory system establishes more secure entitlement to benefit than any alternative during periods of unfriendly government. Indeed the system has grown in large measure from the movement's own network of friendly societies. Opposition to proposals to increase the level of scope of benefits is likely to be less when all groups feel they are paying for benefits which they themselves will receive or may receive. It is only when some groups believe they are paying for the benefits received by others, and have no prospects of receiving such benefits themselves, that sharp acrimony is likely to arise in society. The Committee might with advantage have pursued the road taken in 1942 by Lord Beveridge and sought means of widening the scope of a new contributory benefit instead of jumping too readily to the conclusion that "there would always be ... some one-parent families, notably those with very young mothers, who would fail to qualify". (pp.300-301).

The strange fact is that in an excellent long Appendix to the Report by Morris Finer and O.R. McGregor on "The History of the Obligation to Maintain" Lord Beveridge is shown to have reached a logical impasse by making the married woman dependent on her husband's insurance. This "led logically to the conclusion that (separation) benefit could only be provided where the husband was at fault." (Appendix 2, p.141). But the Committee failed to develop the conclusion that by recommending that contributions be compulsory for all earners, ^{both, including married women,} and that contribution conditions be relaxed the great majority, ^{of} if not all, unsupported mothers' could be brought within the scope of a national insurance benefit.

Let us consider the possible advantages and disadvantages of a non-contributory basis to benefit. There is the historical example of non-contributory old age pensions, and the current example of the pension for a small section of the very old, introduced by the last Tory Government, and the non-contributory

pension for the disabled proposed by the present Government. The last two have been fixed at a level of only 60 per cent of the contributory benefit and have clearly been accorded lesser status. These are very recent developments with uncomfortable implications for any future proposal for a non-contributory benefit. Family allowances are also a non-contributory benefit. The fact that in the years since war they have not been raised as often or as regularly as contributory benefits is scarcely encouraging. Again, widowed mothers' benefits are at present contributory and if the Committee meant what it said about the need to establish equity between widowed mothers and other lone parents then either new benefits for the latter would have to be contributory or the established benefits for the former might be made non-contributory. These points tend to be glossed over by those who are rightly concerned about the injustices of a contributory system which distinguishes too sharply between the needs of the employed and non-employed populations.

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[There may indeed be difficulties in relaxing contribution conditions sufficiently to guarantee more than about 90 per cent of lone parents a "contributory" entitlement to benefit. But at least some attempt to estimate the right figure, to resolve the argument, might be made. And less might be lost by adopting this course of action than by establishing a new means-tested benefit which might fall too easily within the ambit of the SBC and deter many claimants. To make adult and child allowances for one-parent families contributory, in other words, would ensure the separation of the administration of the benefit from the SBC. And a general policy of relaxing contribution conditions might help to ~~reduce~~ establish parity of status between contributory and non-contributory benefits in social security and lay the basis for a more ~~rational~~ equitable system of rights to income, especially between the sexes.

Establishing One-Parent Family Status

The problem of establishing the status of a one-parent family greatly affects the likely success of GMA or any alternative. The Finer Committee accepted that there should be two hurdles to the receipt of an adult allowance - the rules determining recognition of one-parent family status and the application of an income test (though only the first hurdle decided eligibility for the child allowance). They agreed that lone parents with day to day responsibility for a child should be entitled to GMA (but not foster parents or a relative other than a natural, legal or adoptive parent). For widows and widowers, divorcees and the "formally" separated, ie. with a separation order or formal agreement, status could be fairly easily established by the necessary documents, together with a declaration about separation by the claimant. GMA would be paid from the day the marriage ended or a maintenance order was made. In the case of informally separated persons the Committee argued for a three months qualifying period. Although they recognised there was "no rational basis for the imposition of any qualifying period" upon unmarried claimants they concluded, weakly, that they should not be treated differently from separated claimants. All lone parents were expected to re-apply for allowances every three months.

The Committee were vague about the determination of lone parent status. The discussion on pp.303-304 is devoted mainly to a qualifying period and not to the key questions whether status should be determined by the courts or by the new authority, whether status would depend only on a sworn statement by the claimant or also on corroborative evidence from a husband or others, and whether, indeed, a statement would or would not fully reflect the spirit of the existing SBC cohabitation rule. In short, the Committee offered^{no} grounds for confidence that all or nearly all lone-parents would in fact be recognised as having that status under their proposals.

The balance of argument would seem to be in favour of developing a system of family courts, as the Committee elsewhere propose, but giving these courts, and not a new authority, the responsibility of determining status. A sworn declaration by the claimant to the Court would solemnise the application for recognition of lone-parent status, but to allay fears that such an act might discourage reconciliation, there might be two types of declaration, one temporary, and the other long-term. The first might declare temporary loss of housekeeping allowance for upkeep of home and care of children, or temporary loss of care of one's children by a spouse. The Committee did not attempt to differentiate between these two situations, which do of course have different financial implications.

Such a declaration does not carry the finality of a declaration of permanent separation of husband and wife. It also has the advantage of suggesting how one-parent family status might be defined more in terms of the financial ^{the} need to manage/home and care for/family than the sensitive issue of emotional, sexual and residential relationships with a spouse, lover or friend.

Viewed from such a perspective the financial needs of married women prior to separation, documented

by Dennis Marsden in his book Mothers

Alone, might stand some prospect of being recognised and met. And, more generally, the need for a "preventive" policy to establish rights of people in different family and financial circumstances, could more readily be recognised. I mean the right of a wife to a specified allowance in law for the upkeep of a home, of a parent to allowances for both the maintenance of children and the care or supervision of the children, and of a family unit (whether one parent or two parent) to an allowance for accommodation costs.

It might indeed be argued that the family courts should be responsible for the assessment and collection of maintenance payments as well as the determination of lone-parent status. If both functions were to be given to the GMA authority, claimants might come to believe that their eligibility for allowances would be conditional on disclosure of information on the whereabouts of ex-husbands or wives or an illegitimate child's father.

Conclusion

^{critical to the working of}
~~At key points in its argument,~~ the possible tax "clawback" of benefit, ^(b)
 the development of a possible contributory basis for benefit, ^(c) the administration
 and take-up of GMA, and ^(d) the assessment of one-parent status, the Finer
 Committee did not provide satisfactory evidence. ^{and arguments} While agreeing with the
 emphasis placed by the Committee on the urgency of these families' needs
 a rather different policy of income support must be advocated.

The problems of Guaranteed Maintenance Allowance stem from its title. Despite the Committee's recognition that liability for maintenance by an ex-husband is often difficult to argue or prove, and still less enforce, they extend the concept to groups for whom it is unfamiliar as well as inappropriate - like lone fathers, widowed mothers and many unmarried mothers

and seem to be strengthening the legal and financial obligations of the husband to the wife. At the same time as they appear to be making concessions to changing social attitudes towards marriage and parenthood they actually reinforce the inequality between husband and wife by setting up a new administration to supervise the legal and financial obligations of both husbands to their ex-wives and fathers to their natural children. The new authority would also take on the social control policies of quarterly reviews of lone parental status as well as of the cohabitation rule. The form of administration is liable to be permeated by discretion and thus discrimination. That is a policy which would confirm the traditional dependency of the housewife and the traditional privileges of the participants of the institution of marriage.

* What is principally at fault is the idea of a single benefit. As I have tried to show there are different needs, for groups of different size. The Finer Committee, and the National Council, ^{for the Unmarried Mother & her child} believed there were two components of benefit - for the children, and for the care of children. In fact three components can be distinguished:-

- i) a maintenance allowance for the children - currently paid in the form of family allowances (and paid indirectly in the form of child tax allowances). The Tory Government proposed a tax credit for all children, and the Finer Committee took account of this in putting forward a proposal for an additional allowance for each child in one-parent families. They went on to say that if the tax credit scheme was not introduced the difference could be made up by withdrawing children's tax allowances and paying a tax-free family allowance. This is identical with the Labour Government's family endowment scheme, which has been long delayed and includes proposed amounts which are far too low. The CPAG has put forward carefully costed proposals for allowances ranging from 6½ per cent to 11 per cent of average male industrial earnings per child according to age. At the present time children in widowed mother's

families attract a higher rate of national insurance benefit than other children and it could be argued that a similar priority might be accorded children in other one-parent families. However, on strict grounds of the maintenance needs of children or of equity between families with and without children it is difficult to argue that higher allowances for children in one-parent families than in other families, for example, the low paid, should be established. The needs of all children, and not only those in one-parent families, should be recognised.

ii) an allowance for the care of children. Those who stay at home to look

(except for those receiving attendance allowance) Yet
 after children (or indeed other dependants) are currently unpaid, *Yet*
 a tax allowance is available to husbands irrespective of whether their wives have children or other dependants to care for. As the CPAG has proposed, these tax allowances should be withdrawn and a home responsibility cash allowance paid, possibly at two levels - a higher level to those with young children and/or disabled dependants to care for and a lower level to those with, say, only one or two older children to care for. These benefits might be fixed at, say, 15 per cent and 5 per cent respectively of average male industrial earnings and financed by a percentage social security contribution by employers and employees. The Labour Government is introducing an invalid care allowance for 11,500 people looking after severely incapacitated relatives, and this could be treated as a useful precedent for the rapid development of a form of allowance which has already been implemented in some other countries (such as Hungary). Again, while priority could be given to unsupported parents in policy it is difficult to argue, on strict grounds of the costs of providing services to their dependants, that they have greater needs for an allowance than, say, married women caring either for say, a handicapped child or a very handicapped elderly relative.

iii) an allowance for the upkeep of the family home. Apart from the personal services for the care of a dependant living in the home, work is also

required for the upkeep of the home. This work is usually unpaid, and it is assumed that the costs of the services of a housewife are covered by the husband's wage or, more specifically, by his allowance to her for housekeeping. A lone parent who is not in paid employment might be entitled to a "home upkeep" allowance, again financed by social security contributions by all employees, including married women, and employers. This might be raised progressively, but could be fixed at the initial stages at, say 10 per cent of average male industrial earnings. It is conceivable that the definition in law of a wife's entitlement to a housekeeping allowance, or to a partial claim on his wage, would not only protect the income needs of some married women with children who do not receive adequate allowances from their husbands, but would make it much easier to define and justify politically the payment by the State of a similar allowance to ^{lone} unsupported parents.

The scheme sketched above would bring considerable benefits to one-parent families. Irrespective of the employment status of lone parents they would be entitled to higher family allowances and new child-care allowances. At the rates of benefit suggested, a woman with two children aged 6 and 11 would be entitled at the present time (assuming that average male industrial earnings are £55 per week) to about £8 + £8.25 = £16.25 pw. If she was unable, or did not wish, to take paid employment she would be entitled to the third benefit of a further £5, making a total of £21.25.

Strictly, these proposals need to be underpinned by a new approach to rent or housing subsidies. The Finer Committee did not show sufficiently that the special problems of many one-parent families were attributable to the inequalities of housing finance though they acknowledged the weakness of their argument that the cost of housing should form a constant proportion of GMA. Again, the position of minorities may best be protected by general legislation, in this case by withdrawing many of the existing rent allowances

and rebates, rate rebates, and tax reliefs on mortgage interest, and paying a flat-rate accommodation allowance to all families according to the number, sex and age of those in the family. Stewart Lansley and Guy Fiegehen have, for example, argued a powerful case for a universal housing allowance.

The current campaign on behalf of one-parent families might therefore be re-directed in ways which might attract wider political support. Certainly the needs are urgent, and certainly a variety of measures must be adopted, as the Finer Committee argued cogently. But perhaps greater stress should be placed on the fact that some of the interests of one-parent families would be served best by measures designed to help two-parent families as well. After all, the committee concluded emphatically "The utmost priority should be given to the introduction of child credits; if the tax-credit scheme fails to materialise, provision should be made, with the same degree of priority, for tax-free family allowances at rates comparable to those envisaged for child credits." (p.507). Many different groups, and not only those concerned with one-parent families, can mobilise support for this crucial recommendation. Wide support can also be mobilised for a child-care allowance. While constructing an argument that shows the benefits to be derived by one-parent families from a new set of measures, that argument will gain in strength if the needs of other families, and of women generally in society, are recognised. To press too hard a policy of the "separateness" of one-parent families may be to damage their long-term interests.