

## Social Security, Redistribution and Public Opinion



John Hills and Orsolya Lelkes have analysed results from the National Centre for Social Research's 1998 *British Social Attitudes* survey on public attitudes to redistribution and social security benefits and at how these relate to current government policies.



There is a persistent public appetite for "tax and spend", but the spending people want is selective: health and education above all, but also benefits for carers, disabled people, pensioners and low-paid families. More than two-thirds say that benefits for these groups should be increased.



Many of the government's selective spending and benefit increases – what the authors call "selective universalism" – are closely in line with public opinion. However, cuts to disability benefits appear out of line, and there is a demand for more to be done for carers.



There is a persistent public demand for government to cut the income gap between rich and poor, including by higher taxes on the better-off. However, the strength of this weakens when improvement of "welfare benefits" or "redistribution" are mentioned. So, the Government's strategy of a "patchwork assault on poverty" and even of "redistribution by stealth" seems generally in line with public attitudes, although Labour's own supporters would go further.



Blanket benefit increases seem less acceptable than selective ones because of widespread public concern about unemployment benefits undermining independence and incentives, and fraud. Such concerns increased markedly between 1996 and 1998. Work-based strategies such as the New Deal command much wider support than benefit increases for the unemployed, even though four-fifths think that actual benefit rates are not enough to live on.



In general, people want benefits – including for pensioners and the disabled – to be flat-rate rather than means-tested or earnings-related. However, a small majority favours lower benefits for high earner families with children. There is strong support for higher in-work benefits for low-paid families with children.

### Further information

A full account of the research can be found in "Social security, selective universalism and patchwork redistribution" by John Hills and Orsolya Lelkes in *British Social Attitudes, the 16<sup>th</sup> Report: Who shares New Labour values?* edited by R. Jowell, J. Curtice, A. Park and K. Thomson, and published by Ashgate Publishing Co., 1999, ISBN 184014 050X, £27.50.

## New Labour and redistribution

New Labour's policies towards social security have been very different from those which might have been expected from a Labour Party coming into office in the 1970s or 1980s. There has been no general increase in the value of social security benefits beyond indexation for price inflation and there have been cuts to some benefits for lone parents and the disabled. It has been suggested that these and other measures represent "the death of universalism".

However, other measures have been redistributive. One analysis suggests that the first three Budgets taken together have the net effect of raising incomes for the poorest tenth of the population by over nine per cent on average. New Labour's strategies since 1997 can be caricatured as "selective universalism" and a "patchwork assault on poverty". Some of the universal services central to the welfare state have been strengthened, but others not. There has been a clear bias towards benefiting those with lower incomes, but the beneficiaries have been singled out. The analysis reported here investigates how this strategy matches public opinion, as reflected in the 1998 *British Social Attitudes* survey.

## General attitudes to taxation and public spending

A recurring *BSA* finding has been a clear majority in favour of *increased* public spending on "health, education and social benefits", even if this means higher taxes. In 1998 attitudes were much the same as throughout the 1990s. Nearly two-thirds continue to choose the increased tax and spending option, and only 3 per cent favour cuts in tax and spending. This apparently contrasts with conventional political wisdom. However:

- ◆ Until 1994 a majority saw Labour as favouring too great an increase in tax and spend. After 1994 opinion became more balanced between those who thought Labour would go too far and those who thought it would not do enough.
- ◆ Different spending options have different priorities. Majorities remain for higher health and education spending, even when specific tax consequences for respondents are pointed out, but not for some other programmes.
- ◆ The Labour government has, in fact, been increasing modestly both public spending and taxation as a share of GDP from their low points in 1997/8, but has done so *without* increasing rates of income tax.

## Inequality

Four-fifths say that the gap between those with high and with low incomes is too large - more than the 72 per cent giving this view in 1983, about the same as in the early 1990s, but smaller than the 87 per cent saying the gap was too large in 1995.

Not only do people think that the gap is too large, but almost three in four say it is "definitely" or "probably" the government's responsibility to reduce it. This large majority diminishes somewhat when people are asked whether the "government should increase taxes on the better-off to spend more on the poor" (53 per cent agree), but only one in six believes that "the better-off pay too much tax already", the alternative given.

Two further questions specify more closely the means and motive, producing narrower differences. Still the largest group, but no longer an absolute majority (43 per cent), says that more should be spent on "*welfare benefits for the poor*", and agreement is weaker (39 per cent agree, 31 per cent disagree) that government should "*redistribute* income from the better-off to those who are *less well off*".

## Views on the welfare system and benefit recipients

Since the late 1980s, respondents have been asked about their views of the welfare system and of benefit recipients. While opinions are divided, these answers show worries about the operation of the benefits system:

- ◆ 50 per cent say that “the welfare state makes people nowadays less willing to look after themselves”, a higher proportion than in earlier years (26 per cent disagree).
- ◆ 40 per cent agree that “if welfare benefits weren’t so generous, people would learn to stand on their own two feet”, also the highest recorded (32 per cent disagree).
- ◆ Many believe simultaneously both that inequality is too large and that welfare benefits can discourage people from seeking work. 47 per cent now say that benefits for the unemployed “are too high and discourage them from finding work”, and only 29 per cent take the alternative offered that they “are too low and cause hardship”. This balance reverses the position as recently as 1996.
- ◆ More than half now agree that, “around here most unemployed people could find a job if they really wanted one” – considerably higher than the 39 per cent agreeing in 1996, or the 27 per cent in 1993. Only in 1989 (at the height of the late-1980s boom) did a similar proportion agree.
- ◆ 39 per cent believe that, “most people on the dole are fiddling in one way or another”, also higher than before. Three in four believe that “large numbers” falsely claim benefits these days, up from 65 per cent in the 1980s.

## Adequacy of benefit levels

Attitudes depend partly on perceptions and knowledge of benefit levels. Asked how well off people think a married couple without children is who depend entirely on unemployment benefits, 37 per cent say that they have “enough” or “more than enough” to live on. But asked how well off they think a couple is who have an income of £79 a week (the actual rate of Income Support in 1988), the proportion believing they have enough or more than enough to live on drops to 10 per cent (or to 18 per cent for the respondents told that this income would be after rent). More than four-fifths say that the couple would be “hard-up”, or “really poor”.

The responses are different for pensions. When asked about a pensioner couple living on “the state pension”, three-quarters think that they are “hard-up” or “really poor”, more than in the unemployment benefit case. When the amount, £103 for a couple (after rent), is mentioned up to 46 per cent say it is at least enough to live on.

## Earnings-related, means-testing or flat rate benefits

- ◆ For unemployment benefits and the state retirement pension, there are substantial majorities for flat rate payments rather than lower or higher payments depending on past earnings.
- ◆ More than a third say that disability benefits should be lower or not paid at all to those with “very high incomes”, but there is still a clear majority for flat rate payments, contrasting with government moves to greater means-testing.
- ◆ A narrow majority says Child Benefit should be lower or not paid at all to high earners. 56 per cent believe that the government should top-up the incomes of working couples if they have children and “find it hard to make ends meet on low wages”, suggesting support for reforms like the Working Families Tax Credit.

## Priorities between benefits

With competing concerns about inequality and the inadequacy of benefits, but also the perceived disincentive effects of some benefits, the table shows that the public favours more government spending on some benefits, but not on others.

Would you like to see more or less government spending on benefits for ...			
	Spend more	Spend the same as now	Spend less
People who care for sick or disabled	82	15	1
Disabled people who cannot work	72	23	2
Retired people	71	25	2
Parents who work on very low incomes	68	26	3
Single parents	34	41	21
Unemployed people	22	40	35

- ◆ More than two-thirds want more spending on carers, disabled people who cannot work, pensioners, and working parents whose incomes are low. In all these cases the preference was for “more” rather than “much more” spending. Hardly any call for lower benefits.
- ◆ For single parents, the largest group, but not a majority, opts for the *status quo*. Of the remainder, more want higher than lower spending.
- ◆ Benefits for the unemployed attract least support. The largest group opted for the *status quo*, but more of the rest wanted lower than higher spending. Even Labour supporters do not have a balance in support of higher benefits, and 21 per cent of the unemployed themselves support *lower* spending.
- ◆ However, nearly two-thirds (65 per cent) of respondents say that it should be the government’s responsibility to provide jobs for all. Only one in four disagrees. Public attitudes to unemployment could be summarised by the slogan “jobs, not higher benefits”, echoing government emphasis on the New Deal.

## Conclusions

Such results show a striking resemblance between many (but not all) of the new Labour Government’s initial measures on social security and the electorate’s overall preferences. This invites two possible interpretations. It could be suggested that the Government is merely being led by public opinion instead of actively leading the debate. Alternatively, it could be said that the Government has found a mix of policies that delivers not only a measure of redistribution, but also increases in spending on universal services. Its supporters want these things, but the specific policy mix has been chosen to attract a much wider consensus.

### About the research

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