



*OccasionalPaper* 38

## The Impact of Tax and Benefits on Family Structure

Patricia Morgan

**Liberales Institut**

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Imprint:

Editor

Liberal Institute

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Production

COMDOK GmbH

Office Berlin

Reinhardtstraße 16

D-10117 Berlin

2008

# The Impact of Tax and Benefits on Family Structure

Patricia Morgan

Paper prepared for the international colloquium on "Early Childhood Education: International Perspectives" organised by the Liberal Institute, Friedrich Naumann Foundation, Potsdam, Germany, 6 July 2007.



## **Pulling apart: The Fragmentation of UK Households?**

Are we a social species? Not if UK household trends are anything to go by – these just suggest increasing fragmentation or atomisation.

The most familiar aspect is the growth of lone parenthood. Marriages have fallen steeply, the marriage age goes on rising, and the proportion of unwed births has spiralled up from 8% in 1970 to 42% in 2004. A half of all lone mothers (and the fastest growing group) has never married. A quarter or more of children now have lone parents, who often produce their child(ren) in one or a series of cohabitations. Cohabitations with children are nearly six times more likely to dissolve than marriages –with the result that three quarters of family breakdowns affecting young children involve unmarried parents. The strongest predictor of a father's absence is the parental relationship at the time of the child's birth, with little difference for one born outside any live in arrangement and one born into cohabitation.

At the same time, first births outside any live in relationship have more than doubled in a very short space of time (from 6% in the 1980s to 15% in the 1990s). The biggest decline in babies born to married couples has been in homes around average income. There is a rapid decline in fertility for middle and upper socio economic groups, as a growing proportion of children are born to lower class and single women. The family size of lone parents' is increasing as that of couple families declines, and as the age of all mothers has risen, the average age of lone mothers has fallen, with a third of the increasing number of single lone mothers aged less than 25. Unwed childbearing was once a temporary status, typically and often fairly quickly followed by marriage and marital childbearing. Now, a new boyfriend, live in or not, often means a new child, and a larger lone parent family when the 'partnership' breaks up, as it is very likely to do.

A big surge in men living alone is in tune with this escalation in lone parenthood. These sides of the same coin have meant one person households reaching nearly one third of the total.

### **Making People poor.**

This all has big economic consequences – not least for those involved. All across the world, the living standards of anyone tend to rise if they live with other people. When they pool resources or share goods and services, the cost per individual of a given lifestyle is lower. Small groups can muster more information, energy, resources and assistance than their members can on an individual basis. Their work is otherwise done by professional social workers and care institutions.

Insofar as poverty in families with children is concerned, couples with children account for more of the individuals in poverty at any one time, but an important entry event is becoming a lone parent.

There was a general growth in UK children in low income households in the last quarter of the 20<sup>th</sup> century. The percentage falling below 60% of median income grew to a high of 33% in 1996/7. But, while more economic insecurity for families generally meant an incidence change, a group with a high poverty rate grew disproportionately (a compositional change), with the overall rate pushed up by more poverty prone lone parent households.

<b>Distribution of Child Poverty</b>		
	<b>1968</b>	<b>1998</b>
Working couple families	65%	37%
Non working couple families	16%	20%
Working lone parent families	4%	9%
Non working lone parent families	15%	34%

Changes over time can be seen in the way that , in 1968, 65% of (much lower) child poverty occurred in working couple families; 16% in non working couple families, 4% in working lone parent families and 15% in non working lone parent families. By the late 1990s, this was 37%: 20%: 9% and 34% – before restructuring in the tax and welfare system substantially drove up the incomes of one parent families and increased the poverty rate for two parent families.

Additional household members significantly increase the chances of anyone leaving poverty mainly because of the relationship between household income and the number of economically active people. It is some time ago now that it was calculated how a family with two or more children needs two adults if basic earning and household tasks are to be covered. In this way, the family functions as an economic unit in which earnings can be distributed to those caring for children. Otherwise, the state must take over the upkeep or the care of children – or both.

What must also be remembered is how marriage establishes a personal social security system because it creates a network of kin. This changes not only how

the spouses behave – but their relatives also – initiating exchanges between two groups of people. Cohabitation is weak in connecting people to others. Family members are less willing to transfer wealth to 'boyfriends' than to in-laws, or to their sons illegitimate children on a par with their legitimate grandchildren. In one study, no unwed mother got financial support from the relatives of the child's father. Divorce reduces the quality of relations between adult children and their natural parents and weakens obligations. Children of divorced and separated parents are less likely to see them as sources of assistance and receive less help, financial and otherwise, than those from intact families.

## **The Increase in Welfare Dependency: the Mothers and Children**

As lone parenthood has burgeoned in the UK, the main clientele of income related transfers became lone parents and the overall level of welfare receipt and expenditure has vastly increased. Spending on child contingent support rose more than doubled from £ 10bn per year in 1975 to 22bn in 2003 prices, with spending per child rising two and a half fold. Two thirds of this increase, largely means tested, owed itself to changes in the type of households rearing children – or the increasing proportion with one adult and (as so often follows) none in paid work. By 1995/96 the proportion outside such families had peaked at 29%; the highest in the European Union. Under half of lone parents had any employment.

Since the late 1990s, the Labour administration has been running an ambitious campaign to end child poverty – completely – it hopes. To this end tens of billions of £s have been spent. Lone parents have been the main targets of its policies, with hope that – if there are big enough bribes and plenty of child care – they will go into work, even it is just for a few hours. There is no compulsion.

This brings us to the way that lone parenthood is doubly connected to the 'workless household' phenomenon, as much as the one adult household phenomenon.

## **The Increase in Welfare Dependency: the Man**

Increasing male drop out from the labour force shadows the rise of welfare dependent lone parents. Like lone mothers, lone men (including non-resident fathers) are much more likely to derive all their income from state benefits compared to

married men, especially disability or other health related benefits. For men, economic responsibilities for family members provide the impetus not only to seek work, keep work and work full-time, but also to earn more.

The employment gap by marital status is increasing, with a growing proportion of working age men never having worked and with very low prospects of ever working. In turn, living in a non intact family during childhood increases the chances of women having early, unwed pregnancies, and young men having lower education rates and higher inactivity. There is a sharp growth in the number of young people under 24 who have no contact with employment, education, or training. Many of the young men end up in prison.

## **The Increase in Welfare Dependency is pulling us apart.**

The UK shows one of the highest ratings among OECD nations for increasing inequality in household income distribution, with simultaneous rises in both no-worker and two worker households.

The one crucially unacknowledged factor that has prevented the Labour Government from reducing inequality between 1996/97 and 2003/04 despite all its `targeting` and redistribution is changing household composition. The same factors are also likely to account for the apparent increase in the intergenerational transmission of poverty, with a doubling of risk of poverty in adulthood since the 1970s for those poor as teenagers. Teenage poverty has also become more closely linked to the likelihood of being out of work in the 30s, ill health (men), lone parenthood (women) and education. Income is not the main cause. Instead, what became really important is the higher risk of lone parenthood. Non-marital fertility and family disruption mean downward mobility through the transmission of low human capital over generations and increasing dependence upon public institutions.

## **Shrinking Investment in the Young.**

The rise in lone parent families and sequential `partnering` has occurred as a multitude of large scale, well conducted studies have accumulated and demonstrated how children born or adopted and raised in an intact marriage are, on average, more apt to avoid criminal and psychiatric trouble, achieve more educationally, become gainfully employed and, in turn, to successfully raise the next generation, compared to those reared by single or cohabiting parents, step parents, foster pa-



rents or in institutions. The findings are in one direction and have altered little, if at all, over time. Adverse outcomes usually have double to treble the prevalence among children not with their original and married parents. Exceptions are abuse and homelessness, where the rates are vastly increased.

As people are increasingly rearing children across multiple households, these circumstances diffuse the level of parental investment in terms of time, emotion and resources that children will receive. Not only do fathers' allegiances shift when they leave one family and move one to have children with another 'partner', but these circumstances are fraught with conflict and insecurity for the children.

## **More Fragmentation: more Government Interference.**

Without families, we have only politicians and bureaucrats, whose management is notorious for failure. As families are reduced to the basic mammalian biological unit of mother and offspring, they are wide open to outside intervention – because they are inadequate vehicles for socialisation and because they present no barrier to interference and external control. As the state has become the principal or sole breadwinner for more and more children, never has so much money been spent – not just on benefits – but schools, health and social services. The drive to end child poverty was undertaken amid claims that money was the essential tool for improving child development and, consequently, solving or reducing social problems. It was repeatedly and loudly proclaimed how the recorded limitations of lone, compared to two, parent families were due to the poverty of the former and so, it must follow, would disappear if lone parents had more money.

## **Has Government made Things better for Children?**

Are children's outcomes better for the extra expenditure of the last ten years? Has the gap in children's well being between lone and two parent families been closed, or narrowed? Nobody has actually investigated the effects of all the extra money spent in the campaign against child poverty, although other indications are that all is not well. In January 2007, UNICEF published its comparative assessment of the lives and well being of children and adolescents in the economically advanced nations along a number of dimensions. Overall, the UK came last, being brought down particularly by its poor family and peer relationships, bad behaviour and risky conduct (drug taking, drunkenness and early sex, teenage pregnancy rates, fighting, bullying and exposure to violence) and subjective well being.

## Trying to give Children a Boost in the Early Years.

Programs like Sure Start are an implicit acknowledgement that income cannot and will not undo the disadvantages that children may labour under. As one Cabinet minister is purported to have said: 'But we have tried money. It doesn't work. When we try early intervention, it does'. Ask Professor Jay Belsky (See Occasional Paper No. 37) if it really does. It is only one of many Government interventions to deal with the collapse of parenting. There is also the growth of hugely intrusive programmes of surveillance. It is exceedingly doubtful if any public services can make up for the missing private investment in children, or for the demise of informal social controls. A cynical view might be that the strategy is not really about enriching the lives of children. It is about extending state power, eroding the sphere of freedom and dissolving intermediate institutions.

## Increasing Regulation of Family Life.

Fatherhood outside marriage is also generating an increasing mass of legislation and regulation of provisions for custody, access and support, as well as noisy pressure groups. Public policy is scrabbling to construct involuntary forms of fatherhood to replace the old voluntary pattern. When parents divorce or never marry, the state becomes involved in requiring or regulating childrearing obligations that married parents do voluntarily.

The disintegration of families and increasing single parenthood has provided the state with reasons to be more involved in the care of children in order to facilitate better outcomes for children. Yet, the state's activities may be a complicit variable in family disintegration and increasing dependency. More, I contend that the evidence is that the nature of the tax and welfare system is incentivising family disintegration, social atomisation and feral reproduction. Furthermore, it was the expressed objective of many strategically placed and powerful people that it must do just this. Disintegration is no accident.

Not that anyone – or not those in power anyway – would admit to this. Policy makers, politicians and academics tend to represent family trends as inevitable and the outcome of inscrutable processes or a spontaneous convergence of a myriad of individual choices to reject traditional ways. With the state incapable of influencing behaviour, people supposedly construct for themselves or personally invent multifarious 'alternative family forms', as if social institutions evolve in some organic way, just as a language evolves, slowly changing individuals randomly and modifying existing practices. The law, the tax and welfare system, like

the dictionary, simply registers what has already occurred and are an effect of changes elsewhere, rather than a cause. Even if this were so, the question arises of why the trends should have been obediently endorsed and serviced, with no regard for what the consequences might be and whether these might be stalled or reversed? If something is moving in a certain direction, this does not necessarily make it either right or beneficial.

## Is the State destroying Families?

Suggestions that the state has simply been somehow forced to go with the flow scarcely fits with the hostility directed, for example, at marriage, as when writers for a New Labour think tank continually refer to marriage or two parent families as "anachronistic".

As the Labour government set specific targets to reduce the number of children in low income households it only really recognised the existence of lone parents. Neither the increase in lone parents' employment nor the fall in child poverty has met expectations. Even the reduction in the percentage of lone parents not working was itself partly offset by an increase in the number of children in lone parent families.

Poverty declined for children with lone parents, while that for children with couples hardly budged. A greater percentage of the total living in households with equivalent income less than 60% of the median are now children with two parents.

These changes in the level and distribution of child poverty reflect the ways in which lone parents have been the focus of subsidy levels unavailable or inaccessible to couples when, for obvious reasons, it takes more income to push two adults over the poverty threshold than one.

### Comparative Incomes of one or two Parent Families in 2004–2005

Two parents with two children had to earn £240 a week to have a net income of £295 to lift them over the poverty line.

A comparable lone parent needed to earn £75 per week to get a net income of £230, £5 above the poverty line.

An 'invisible second adult' principle applies in the welfare system. Poverty is measured in equivalent terms or in relation to the number of people dependent upon an income. Poverty is relieved by ignoring the costs of a second adult and sometimes with extra allowances for one adult. Moreover, a lone parent can keep all the maintenance from the absent parent. If he lived with the family, all his income would count against what they get.

Unsurprisingly, the role of 're-partnering' in exiting welfare dependency and poverty for lone parents is falling, which is to be expected given the huge financial penalty in the system for families with two adults, or for families with two adults who declare their relationship to the authorities. Since the majority of lone parents are in receipt of benefits, they are subject to marriage penalties.

## **Comparative Incomes of one or two Parent Families in 2006**

A lone parent with two children under 11, working 16 hours a week on the minimum wage gained a total net income of £487 a week, largely due to benefits.

To attain the same weekly income, an equivalent two parent family needed to work 116 hours a week

Given the incentives to split up or live separately, not only is support paid to at least 200,000 more lone parents than actually exist, but 'strategic single parenthood' has become the way to get housed and maximize resources for lower income people. Only when joint incomes reach £50,000 per year is there no loss from being a couple. There are enormous gains from 'faking it'.

## **Financial Gain from ‘faking it’: Mother and Father both unemployed**

Lone mother on income support/Jobseekers Allowance in 2006/07, two children under eleven: total benefit per week after all housing costs would be £171.90 per week (approx. £8,939 per annum)

Boyfriend on income support/Jobseekers Allowance, has council flat elsewhere: total income after own housing costs (not including possible rent income from illegally subletting his own place) £57.45 per week (approx. £2,987 per annum)

If they lived as an undeclared couple living in the mother's accommodation their income would be a total of: £11,926 per annum

If the lone mother and boyfriend declared their relationship and claimed income support as a couple, their total income would be £204.55 per week or £10,638 per annum: a loss of £1,288 per annum (not including possible rent from sublet)

## **Financial Gain from ‘faking it’: Boyfriend on medium income**

If the boyfriend earned £380 per week (£19,760 per annum gross), he would receive a net income of £291.53 per week or £15,159 per annum. He now has no housing subsidy. He gives an address as that of his parents but lives with the lone mother in her council property. The total income for the couple would be £24,098 per annum

If the couple declared their 'live-in' status, their income would be £290 per week or £15,080 per annum after housing costs as local authority tenants, a loss of £9,018 per annum (approximately the total level of the mother's benefit income, all of which would be lost)

## **Financial Gain from ‘faking it’: Boyfriend on medium Income, Mother on low Income**

If the lone mother finds a job paying £200 per week, she nets £228.65 per week after housing costs, or £11,921 per annum

If her relationship with the live-in boyfriend on £15,159 per annum is undeclared their total income is £27,080 per annum

If they declared their relationship, their total income would be £448 per week or £23,296 per annum after rent or housing costs, a loss of £3,584 per annum. The loss is much less here because the mother is earning more of her net income, rather than receiving it in the form of benefits.

## **Family Disintegration varies across Borders.**

If the family disintegration and household fragmentation have – as established wisdom maintains – no known causes, or are accidental and unfathomable phenomena unrelated to social or economic background factors, why is it that the prevalence of lone mothers is, for example, quite different across the world and over time? Some countries, like Italy, Japan or Spain, have had low levels of female headship, with around 5% or less of all families with children headed by a lone mother. There were even decreases, as in Italy in the early 1990s.

## **Are we paying People to split up?**

Studies of the determinants of lone parenthood have been primarily limited to single countries. Libertad Gonzalez used data from 17 countries, where there may be large variation in wages, benefit levels and institutional settings, to examine the international trends in lone motherhood during the 1980s and 1990s. Her findings are that increases in the level of public support for lone mothers have been significantly and positively associated with a higher prevalence of both never married and divorced mothers. Previous findings using more limited variables also indicated that higher benefit levels were generally associated with higher levels of lone parenthood, with a clear progression from countries like Greece, Spain and Italy (with very low rates for both) up to Denmark. An increase in benefits for lone

parents that leaves constant the benefits for other types of families has a stronger (double) effect, compared to an increase in benefits for all types of families.

The UK offers the greatest assistance among Anglophone societies to lone mothers, with a high level of preference for this type of family. In Italy, the real value of family allowances actually decreased by 38% between 1988 and 1994. The level of assistance was actually lower for one compared to two parent families – an unusual occurrence and lone parent families actually declined, albeit from a low level anyway.

As with other areas of life, marital and fertility decisions are likely to be influenced by the relative gains and costs and benefits of the different courses open to the individual. Given an assumption that human beings are utility maximisers, does it not follow that – on balance – that unemployed people will not work, or seek work, if benefits are generous? Not only the level, but the dependability of benefit income is very important to people's decisions about whether or not to work and, by implication, whether to marry. Will not lavish benefits and housing for lone mothers discourage couples to live together and stay together and facilitate, if not encourage, casual relationships and separation? Will not young men be sexually feckless if they do not expect to have to support the children they sire? A socio biologist would claim that taking every opportunity to breed when unlimited resources are on tap to sustain your offspring is an evolutionary rooted response and advantage. The babies that a man may accumulate, but does not have to pay or care for, will depend only on the availability of females who accept impregnation. If payments in cash and kind raise the welfare available outside the married state enough, any economic reasons for forming a conjugal household are bound to disappear.

Gary Becker in his *Treatise on the Family* characterises the family-formation process as being governed by ways in which men and women evaluate their relative contribution and welfare, and will form couples to the extent that they are reasonably satisfied with their net balance.

The rise of lone parenthood and retreat from marriage may not simply be due to economics, but economics are a large part of the atmosphere in which people make decisions about relationships and children. Furthermore, any choice model suggests that if one economic factor is important, another is likely to be as well. Factors like the ease or difficulty of finding a spouse with stable employment, or rising or falling levels of male earnings, are bound to confound predictions based on welfare alone. Imbalanced sex ratios throughout time have had major social consequences. Where there is a relative oversupply of women men will not only be less inclined to marry (since they have more options) but, if they do, they may

be less committed. In turn, men's economic fortunes have always been an important factor driving demographic change, with statistical links between wars, trade cycles and marriage rates. A pool of securely employed males is usually necessary for any viable marriage market, with male employment part of a consistently demonstrable and direct relationship between the timing of marriage, marital stability and economic conditions and has substantial effects on marriage and birth patterns. One example: the pool of employed men with adequate earnings has repeatedly accounted for more of the racial difference in US marriage rates than any other variable. On this side of the Atlantic, individual level studies of family dissolution, analyses of trends over time, as well as census, or cross-sectional, data, all show a strong connection between male employment and income and divorce and marriage. The associations are world wide and only the details might now be disputed.

## **Putting all the Evidence together.**

From this we may conclude that the lessening ability of men (particularly less skilled and educated men) to make sufficient and stable provision for families may have had an important influence in fostering high rates of non-marriage, family breakdown and children without fathers. Studies of non-marital fertility which include both labour market variables (employment and/or income and welfare benefits) find the most significant relationships between unwed motherhood and welfare levels, particularly when it is male earning opportunities and thus women's potential resources from marriage which are juxtaposed to welfare. Economic insecurity plays a role in the development of cohabitation as a way to keep options open in the face of uncertainty. For three quarters of cohabiters, economic factors are foremost in considerations about when and whether to marry, helping to explain why cohabitation is an adaptive strategy in the face of economic uncertainty which is perceived as being cheaper than marriage.

## **The Move from Living Standards to Feral Reproduction.**

Getting married – in developed countries, anyway – has long meant establishing a new household, which requires sufficient earnings and reasonably good economic prospects. Unemployment, low wages, insecure jobs, costly housing; all provide incentives not to marry and not to have children. At very least, benefits and exemptions make things possible – that's their point. When governments develop welfare for the 'needy', such 'targeting' produces a group who are outside the normal opportunity structure. By definition, programs that 'target'



the needy or 'casualties' focus upon deviations from the norm and, in so doing, may raise these into the norm.

Under targeted programs, the 'poor' are compensated for the cost of children, unlike those in the broader, middle range of incomes, who have to restrict their childbearing if they are unwilling or unable to absorb the losses involved. As it is in competition with children, access to housing is threatened by reproduction, so that higher house prices deter the start of childbearing. Women in publically subsidised housing which is responsive to, or increases, with 'need', have always had bigger families and, as housing costs have risen, the fertility gap between public tenants and owner occupiers has increased. Overwhelmingly, mothers of small children do not want to work, particularly if this means full time work, but may have to do so to cover living costs. This is likely to restrict fertility. Women welfare, with housing costs paid, face no such dilemmas or restrictions. Even non working lone mothers are twice as likely to have three or more children compared to those working 16 hours or more. Unearned income reduces the 'need' for earned income and non-earned income owned by women is significantly related to higher fertility, so that a basic income that is dependent upon reproduction and obviates or reduces employment will result in higher birthrates for qualifying women.

Since unwed childbearing has to be balanced against other available possibilities, the chances are larger for women whose own personal economic, as well as marital, options are limited. Out-of-wedlock births are overwhelmingly concentrated among women least able to support themselves and their babies. With good economic prospects, young women have something to lose by having a baby, and are motivated to defer having children, in the same way that the pursuit of living standards has long acted as the great contraceptive of the Western world. But for women in low-paid jobs, life on welfare will not necessarily entail a drastic reduction in standard of living and, in the circumstances, exercising the reproductive function is something interesting to do, for which a secure income is provided. For the man, state transfers to the mother reduce or eliminate the 'cost of fatherhood'. His voluntary, casual connection to women allows him to maintain the free lifestyle valued by his peer group, as he fathers children on women drawn from the lower end of the income distribution who can count on alternative sources of support.

The result is the feralisation of human reproduction. No longer are children born into culturally constructed marriage and kinships systems, where parameters are set for the conditions in which young may be produced. Instead, people may reproduce without any resource base of their own. The 'family' is fed and sheltered by impersonal agencies, who can exercise no constraints on the quality

or quantity of children – except perhaps to increase the latter to the degree that they make funding available.

As economic imperatives made children increasingly incompatible with marriage from the late 1970s onwards, a bifurcated family pattern took shape where more affluent people postpone or renounce childbearing, while the subsidised poor do not. The subsequent assault on child poverty by Labour governments has increased the amount of state support that is contingent upon having children for no and low income people – support that is far higher for single than for couple parents, first for working lone parents and then for non working lone parents.

Changes in the determinants of non-marital child bearing which raise its level also produce a rapid erosion of the stigma. By rewarding some behaviours and penalising others, tax and welfare systems affect the preference and behaviour of individuals not just through hard cash calculations, but by (unavoidably) embodying and promoting certain values and assumptions. The generous subsidisation of the lone parent household cannot but reinforce the belief that there this is not only a perfectly valid, but the preferred way to produce and rear children, and that it is quite acceptable for men to expect the state to provide for any offspring they may leave along the way. People who make commitments in the face of economic deterrents look like chumps. By changing the economics the morality is altered.

John Ermisch working at Essex University in the UK identifies a self-reinforcing rise in childbearing outside marriage. Changes in the economic climate that alter non-marital child bearing behaviour produce further dramatic and ongoing change through the social influences that makes this an acceptable, even preferred, way to have families, where the more lone parenthood there is, the more lone parenthood there will be. This dynamic is concentrated among the section of the population who have the most incentives to raise children as lone parents. Similarly, cohabitation becomes the accepted way to conduct sexual relationships. Later work by Libertad Gonzalez tells the same tale. Using data from an 8 year period (1994–2001) for women aged 18–35 likely to be most affected by labour market conditions and benefit levels, she finds a high correlation between benefits levels and the incidence of single mothers, with the UK the country with both the highest incidence of single motherhood and benefit levels in 2001. Controlling for the level of a country's tolerance of these types of families reduces the direct economic impact – some still remains and with a far greater impact on those with low education levels. Superficially this might suggest that changes in population norms in favour of lone motherhood change both its prevalence and the benefit system. However, not only the historical sequence has to be borne in mind, but the way in which the norms in question may have changed at elite level first or most

of all. This then influences benefits and benefits, and other social information, both formal and informal, encourages acceptance of single motherhood.

Note: I have concentrated on economic factors here in the genesis of family disintegration. It is likely that for example, that divorce law affects not only the decision to end a marriage and the divorce rate, but the probability of marriage and the marriage rate. As marriage now retains only in vestigial form some of the features that formerly gave it status and distinction, this eroding of the legal distinction between marriage and non-marriage leads, as intended, to the perception that marriage is irrelevant. Thus, a permissive divorce ethic contributes to the dynamic where demographic trends foster themselves through a feedback process.

## The Future from here

As strongly deterrent tax and benefit structure and messy marital laws mean that less and less people will get married, the percentage of all children born to unwed mothers will go on rising and, in the ongoing contest between two reproductive strategies, the direction of the social dynamic is towards fewer conjugal families and more woman-state-child families.

These developments are not simply fortuitous or accidental, but being created by government policies that are altering our demographics. Out of indifference or even hostility to human collaboration, by ignorance or design, these are subverting the formation of enduring bonds and furthering social dislocation.

The transfers individuals make within households are the first line of welfare and route to raising living standards, yet collaboration is penalized because it is deemed wrong to share within families. Income support programs have little impact on child development, while family background can have large positive effects on this and later adult outcomes. In persuading people to reject arrangements most beneficial to children's development, the state is subsidising and so depleting the loss of social capital.







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