

COVID 19 AND SOCIAL SECURITY

Summary

The Covid 19 crisis caused most havoc among those who were already vulnerable. Among other things, it highlighted weaknesses in the UK's social security system. Food bank usage, which was already increasing, soared. Before the pandemic, extreme poverty, including destitution, was increasing significantly. This appears to be a result of the social security policies pursued in the 2010s, such as Universal Credit, the freeze in the level of benefits from 2016-19 and an oppressive sanctions regime for benefits. Policies have been driven by austerity, neo-liberal slimming of the state and a desire to crack down on welfare dependency. In the Second World War, influenced by Beveridge and Temple, public opinion demanded a much fairer post-war society. Similarly, the pandemic offers an opportunity for us to develop an unstoppable movement towards greater equality and the elimination of poverty.

Introduction

The welfare aspects of the Covid 19 crisis in the UK have been paradoxical. On the one hand, the Government quickly recognised the need to support those adversely affected. They introduced a hugely expensive furlough scheme, increased Universal Credit by £20 a week and financed a scheme to get rough sleepers off the streets. In July 2020, they announced a Quickstart Scheme to provide opportunities for unemployed young people.

On the other hand, these schemes have fallen short in various ways. The second furlough scheme was announced too late. Coverage among self employed people was patchy. The £20 uplift was temporary and did not apply to legacy benefits and disability benefits. Compensation for those told to self isolate was far too restricted. More fundamentally, Covid 19 has shone a light on weaknesses in our society, such as our divided labour market, our dysfunctional housing market, our run-down public services, our digital divide and our under-funded social care. Furthermore, the increased reliance on food banks suggests major gaps in social security.

It is not surprising that Covid 19 has caused most havoc among those who were already vulnerable, including many in the BAME population.

This paper will focus on the system that is supposed to safeguard people from adversity - social security. We look at the growing evidence that something has gone wrong with this system, that 'want', the first of Beveridge's 'giant evils', is not being properly tackled. The paper is organised as follows:

- Food banks and other indicators of social distress.
- Recent social security policies that have reinforced inequality.
- The ideological battle on social security.
- Conclusion.

Food banks and other indicators of social distress

Food banks are a relatively new in the UK. They emerged because church people and others were rightly worried about people being short of food. However, food bank organisers are clear that the long term answer is not food banks but ensuring that people have enough **money** to live on and well organised assistance for emergencies.

Food banks have boomed during the pandemic. In April to September 2020, demand for Trussell Trust food parcels was 47% higher than in the same period in 2019.¹ In a sample of independent food banks, demand was at least 77% higher.² After years of austerity, many households had no savings and could not weather a storm.

Food bank usage was already increasing before the lockdown. In the year ending 31 March 2020, in which the Covid 19 lockdown only affected the last two weeks, the number of food parcels in the 1,200 Trussell Trust food banks was a record 1.9 million. The total amount of food aid to impoverished people was much more than this. Altogether, in 2019 there were some 5,000 venues providing food aid³. But Trussell Trust statistics offer an answer to cynics who suggest that food bank usage simply reflects feckless people taking advantage of free food. The Trust relies on professionals to identify people in crisis and refer them to a food bank.

Food bank evidence indicates deep-seated poverty problems in the UK. Research published in November 2019 reported that 94% of food bank clients were 'destitute' and 74% were in arrears, often on two or more bills.⁴ This indebtedness has got worse in the pandemic.

How extensive is poverty in the UK? The Office of National Statistics uses an international measure of 'relative poverty', defined as 'below 60% of contemporary median income'. On this measure, in 2018/19, 14.4 million people or 22% of the UK population lived in 'poverty'. This has been fairly constant over the last 20 years.⁵

Within this high total, extreme poverty has been increasing. Food bank usage indicates this, as does research into **destitution**. Between 2017 and 2019 there was an increase in destitution of about one third. More than a million UK households (including 550,000 children) experienced destitution at some point in 2019. 'Destitution' was defined as lack of access to essentials (shelter, food, heating, lighting, clothing and footwear and basic toiletries) and extremely low or no income.⁶

Child poverty has been increasing. Having fallen from around 34% in 1998/99 to around 27% in 2010/11 under the Blair/Brown Governments, it rose to around 30% by 2018/19.⁷

Recent social security policies that have reinforced inequality.

Let us look at some of the social security policies that were pursued in the 2010s.

First, **Universal Credit**. This was a hugely ambitious project, combining several means tested benefits into one gigantic system. It ran several years late. Its designers ignored the fact that many unemployed people have no savings. Monthly payments were imposed, together with a delay of at least six weeks (now reduced to five weeks) before claimants received any money. This could make people destitute unless they took a loan, which might delay destitution but often not avoid it. They also ignored many people's lack of computer equipment and skills and insisted on accessibility via information technology. In practice, substantial adaptations for those living on the margin have been unavoidable.

1 <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/11/coronavirus-impact-report-final.pdf>

2 <https://uploads.strikinglycdn.com/files/f94e04eb-00ff-4ab1-99ae-6a901ee885b4/IFAN%20REPORT%2022.12.20%20FINAL.pdf>

3 Goodwin S (2019) *Mapping the UK's independent food banks Independent Food Aid Network* <http://www.foodaidnetwork.org.uk/independent-food-banks-map>

4 <https://www.trusselltrust.org/state-of-hunger/>

5 ONS. Households below Average Income.

6 <https://www.jrf.org.uk/report/destitution-uk-2020>

7 <https://www.jrf.org.uk/data>

Secondly, **the level of benefits** for those of working age was frozen from 2016 to 2019. By 2019, people were on average £340 a year worse off than they would have been if benefits had kept pace with inflation from 2016 onwards – equivalent to eight weeks food shopping for a low income family.⁸ The Government implicitly recognised that the level of benefits had become too low when they increased Universal Credit by £20 a week at the beginning of the first lockdown. However, this was a ‘temporary increase’ due to end in April 2021. If it ends, many could sink into poverty.

Thirdly, in the 2010s the **benefits regime** for working people became harsher. Unemployed claimants were mostly expected to complete 35 hours of job-search a week – an absurd and demoralising requirement for long term unemployed people in depressed areas. Sanctions imposed on those allegedly breaking the rules became more frequent and more severe. Deductions from benefit last on average 30 days and can cause destitution.

A job is said to be the best way out of poverty, but many jobs are poorly paid, insecure and/or on zero hour contracts.

Other aspects of social security which have caused social distress include:

- the benefit cap, limiting the total amount of benefit a household can receive;
- reductions in disability benefits; particularly, moving people from Disability Living Allowance to Personal Independence Payments;
- the system of assessment for disability benefits which many regard as flawed; and
- the Government’s decision to delegate support for people facing emergencies to local authorities without ring fencing at a time of greatly reduced grants to local authorities.

The ideological battle on social security

We now look at the battle of ideas surrounding social security.

The first set of ideas relates to **the elimination of ‘want’**, as Beveridge called it. His 1942 Report aimed to slay five ‘giant evils’: want, disease, ignorance, squalour and idleness. Beveridge’s Report was enormously influential.

There were also significant Christian influences. William Temple, who became Archbishop of Canterbury in 1942, argued for a welfare state in his wartime book ‘Christianity and Social Order’⁹ which sold 142,000 copies. Beveridge, Temple and others created the climate in which the Labour Government of 1945-50 could build not only the NHS but also the framework of our social security system. Christian campaigners today, like Church Action on Poverty, are expressing similar aspirations to those of the original founders of the welfare state.

Arguably, we should go beyond social security measures and tackle **inequality**. Inequality in the UK increased sharply in the 1980s and has remained very high by European standards ever since. In 2018 the richest fifth of the population had an income more than six times that of the poorest fifth.¹⁰ Wealth is even more unevenly divided than income. The richest 1% have nearly a quarter of the wealth.¹¹ There is ample international evidence that health and social problems are worse in more unequal societies.¹² Thomas Piketty argues that capitalism inexorably creates inequality and correctives are required such as wealth taxes.¹³

⁸<https://www.jrf.org.uk/report/end-benefit-freeze-stop-people-being-swept-poverty>. March 2019.

⁹Stephen Spencer: ‘Architect of the Welfare State’. Church Times. 24 October 2015.

¹⁰ONS. Household income. Income inequality. Financial year ending 2020.

¹¹Observer. 3 January 2021, quoting new research by Resolution Foundation.

¹²Richard Wilkinson and Kate Pickett: ‘The Spirit Level’. Allen Lane 2009.

¹³‘Capital and the 21st Century’. Belknap. 2013.

Another suggested remedy is the **basic income** – ‘a periodic cash payment unconditionally delivered to all on an individual basis, without means test or work requirement’.¹⁴ This raises big questions. Would motivation for work be maintained? Would the public accept the higher tax rates necessary to pay for it?

This brings us to the second set of ideas in this debate. They relate to **public expenditure and the size of the state**. UK social security has greatly expanded to become the largest item in Government expenditure and a major target for neo-liberals. Their prophet was Hayek, who wrote in war-time like Beveridge and Temple but came to the opposite conclusion. For Hayek, increased state spending was the enemy of liberty and must be curbed¹⁵.

When David Cameron’s Conservative Party led a new coalition Government in 2010, it wanted to reduce social security expenditure as part of an austerity programme to tackle the debt arising from the financial crisis of 2008. As pensions were protected, a heavier burden fell on benefits for those of working age.

Critics, including Gordon Brown and Barack Obama¹⁶, argued for a Keynesian approach with slower debt clearance, but the Conservatives persisted with austerity, blaming it upon the Labour Party which had been in power during the financial crisis. However, alongside austerity cuts, there were tax cuts for the wealthy, suggesting that, in addition to debt clearance, the Government aimed at neo-liberal slimming of the state and rewarding Party supporters.

Also relevant to social security are **ideas about combatting welfare dependency**. Neo-liberals have a pessimistic view of human nature. They believe that, unless life in unemployment is made truly uncomfortable, people will linger on benefits. They are like the advocates of the Poor Law Amendment Act 1834 who made conditions in the workhouse worse than conditions outside to deter people from claiming poor relief.

Interestingly, neo-liberals do not normally advocate higher inheritance taxes, though surely receiving a large inheritance is just as likely to be a disincentive to effort as receiving state benefits. Maybe class assumptions play a part in their policies.

Critics of the crackdown on welfare dependency (eg Church Action on Poverty and the Joint Public Issues Team of the nonconformist churches) argue that making life uncomfortable, even inflicting destitution, can induce despair, inhibit successful job-search and damage individuals and families. An excessively strict regime may defeat the purpose of a safety net by deterring people from using it.

Conclusion

In dark times, like a war or a pandemic, we recognise that we are not self sufficient but inter-dependent. We become more aware of those in our communities who are vulnerable and need help. In 1942, when war was still raging and the Government was incurring enormous debt, the prophetic voices of Beveridge and Temple called for a much fairer post-war society and attracted huge public support. Similarly now there is an opportunity to build a better post-pandemic society. Before the pandemic, public opinion was shifting towards higher public spending on health, education and social benefits and this trend has not been reversed in the pandemic.¹⁷ We have seen substantial media

¹⁴<https://basicincome.org/>

¹⁵ ‘The Road to Serfdom’. 1944.

¹⁶ Barack Obama: ‘The Promised Land’ 2020. Page 527.

¹⁷ National Centre for Social Research.

and public support for public figures like Marcus Rashford calling for help for children living in poverty. Can we build on this and develop an unstoppable movement towards greater equality and the elimination of poverty?

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February 2021

Further Reading

Up to date information on poverty and critiques of social security provision can be found on the websites of the Joseph Rowntree Foundation, the Social Metrics Commission, the Trussell Trust, Child Poverty Action Group, Church Action on Poverty and the Joint Public Issues Team of the nonconformist churches.

On equality, good sources are the website of the Equality Trust and

- Richard Wilkinson and Kate Pickett: *The Spirit Level*. Allen Lane. 2009.
- Thomas Piketty: *Capitalism and the 21st Century*. Bellknap. 2013.

On factual aspects of social security, provision is always changing, so that books quickly become out of date. Good sources are the Department of Work and Pensions website and the Citizens Advice website – <https://www.citizensadvice.org.uk/>.