Welfare reform is almost inevitably contentious. Answering the question of who should receive how much financial support relies on often competing conceptions of fairness, with rival views about who needs, and who deserves, our help, not to mention the most just and efficient way of providing this. These issues are worth debating – but at the moment the debate is being conducted on pretty shoddy terms. Myths and stereotypes abound about how who claims financial support from the state, how long they do so for, and why they are entitled. These myths serve not only to unfairly stigmatise claimants but to obscure the actual questions we might want to answer about how best the state can support people who face risks or extra costs. Here’s a short guide to some of the most common.

**1. Myth: There are ‘families where three generations have never worked’[[1]](#footnote-1) and this is a major problem.**

**Reality:** Research by the academics Paul Gregg and Lindsay MacMillan has fairly comprehensively disproved this now familiar political soundbite. They looked at the Labour Force Survey, the large scale survey of households from where we get most of our statistics about who’s in work or not. Looking at all of those households where there were just two generations living in the same household, they could only find 0.3% where both generations had never worked. In a third of these households the member of the younger generation had been out of work for less than a year.

When they looked at longer term data, they found that only 1% of ‘sons’ in the families they tracked had never worked by the time they were 29. What’s more, they found that while sons whose fathers had experienced unemployment were more likely to be unemployed themselves, this only applied where there were few jobs in the local labour market. The small amount of ‘intergenerational worklessness’ we see is therefore much more likely to be explained by a lack of jobs than a lack of a ‘work ethic’.[[2]](#footnote-2)

**2. Myth: Most spending on benefits goes on working age people**

In 2001, 61% of people thought that the biggest part of the social security budget was for working-age people (either single parents, unemployed people or disabled people), and a further 11% thought that spending on children was greatest.[[3]](#footnote-3)

**Reality:** The largest element of social security expenditure goes on pensioners – 42 per cent. Housing Benefit is 20 per cent of expenditure (and at least 18% of these claimants are in work)[[4]](#footnote-4); 15% goes on children, through Child Benefit and Child Tax Credit; 8% goes on Disability Living Allowance which helps disabled people (both in and out of work) with extra costs; 4% goes on Employment and Support Allowance to support those who cannot work due to sickness or disability; 4% on Income Support, supporting single parents and some disabled people, 3% goes on Jobseeker’s Allowance, and 2% on Carer’s Allowance and Maternity Pay, leaving 3% on other benefits.[[5]](#footnote-5)

**3. Myth: Benefit fraud is high and increasing**

The averageBritish person thinks that around 1 in 3 of disability and unemployment benefit claimants are falsely claiming – not a majority, but still a high level.[[6]](#footnote-6)

**Reality:** the latest Department for Work and Pensions estimates show that in 2011/12 just 0.7% of benefit expenditure was overpaid due to fraud, including a 2.8% fraud rate for Jobseeker’s Allowance and a mere 0.3% for incapacity benefits.[[7]](#footnote-7) Even if we put together fraud with ‘customer error’ – people who are not entitled to benefits, but who are not deliberately defrauding the state – the rate of false claims is 3.4% for JSA and 1.2% for incapacity benefit.

The claim that benefit fraud is increasing is equally false. Because there have been changes to how fraud has been calculated over time, we have to look at combined fraud and customer error for JSA and income support. This declined from 9.4% to 4.8% of spending from 1997-8 to 2004-5,[[8]](#footnote-8) and has then stayed roughly flat since then. In other words, it’s not just that fraud hasn’t increased, but it was halved during the first two terms of the Labour government.

**4. Myth: People on benefits are better off if they split up**

This is a favourite of Iain Duncan Smith, who often refers to ‘*the couple penalty in the tax credit system, which made it more worthwhile for couples to live apart than to stay together*’. [[9]](#footnote-9)

**Reality:** This one’s just been fairly comprehensively disproved by researchfrom the Joseph Rowntree Foundation, who concluded: *The simplest question that can be asked in testing the couple penalty is: does the benefits system provide a different proportion of a family’s daily living needs if they live together and if they live apart? The clear answer from the calculations in this paper is no. The benefits system provides very similar living standards to families living together and apart.[[10]](#footnote-10)*

You might think that the benefit system should make you better off if you live together rather than apart. But it’s not clear that even if that were the case, it would encourage people to stay together. Research in 2009 for the Department for Work and Pensions looked at whether different benefit systems had any impact on people’s decisions about whether to stay together or not. They concluded that *“on balance, the reviewed literature shows that there is no consistent and robust evidence to support claims that the welfare system has a significant impact upon family structure.”[[11]](#footnote-11)*

5. **Myth**: “The welfare bill has ballooned by £60bn in 10 years. Failing to tackle this would make it impossible to deal with our debts without cutting essential services.”[[12]](#footnote-12)

**Reality**: The government has repeatedly claimed that 'welfare' expenditure grew unsustainably under Labour. When we look at expenditure on benefits and tax credits as a proportion of GDP, this doesn’t hold up. Total expenditure on welfare was 11.6% of GDP in 1996/7. Under Labour it averaged 10.7% up to the crash. The most striking feature of welfare expenditure under Labour is its stability. This is especially true for benefits for children and working age adults. These benefits account for less than half of all 'welfare' expenditure and under Labour averaged 4.9% of GDP up to 2007/8, then rising to 6%. Social security spending on people of working age and children is, of course, supposed to rise during recessions.

6. **Myth:** Most benefit claims are long-term

**Reality:** Government persistently frames benefit claimants as long-term, 'languishing in dependency' etc But people move on and off benefits all the time - so how much of the benefit caseload is long-term? It depends whether you count people at a single point in time - everyone claiming benefits at the moment- or look at people moving on and off benefits over a period of time. The numbers are completely different. For example, in 2008, some 75% of Incapacity Benefit claimants had been on the benefit for more than five years, and only 13% for less than one year. So it looks as if IB claimants are mostly long-term. But over the period 2003-2008 only 37% were long-term while 38%  were on the benefit for less than a year. So if you count claimants at just one point in time, as government tends to do, you will overestimate how much of the caseload is long-term- and underestimate how many people move on and off benefits over time.

8. **Myth: social security benefits are too generous**

Out of work benefit levels fall well below income standards based on detailed research into what ordinary people thought should go into a minimum household budget. Research by the Joseph Rowntree Foundation found that a single adult of working age receives 40% of the weekly minimum income standard, pensioners do in fact receive 100% of what they need, a couple with two children receives 62% of the weekly minimum, and a single parent with one child receives 64%. The single adult falls short of the weekly minimum by £103 a week, the couple with children by £155, and the lone parent by £83.[[13]](#footnote-13)

7. **Myth ‘Most people who claim disability benefits could be working’**

Just about every senior politician has said this at some time, at least back to Prime Minister John Major’s claim that *“it beggars belief that so many people have suddenly become invalids, especially at a time when the health of the population has improved.”*

**Reality:** It’s worth remembering that there are two main kinds of disability benefits: Disability Living Allowance (to cover the extra costs of disability), and Employment and Support Allowance (income replacement for those not in employment). The most basic misunderstanding is that the latter are only for people who are ‘completely incapable of work’. The LSE founder Sidney Webb commented in 1914 – in the midst of one of many previous panics about ‘true disability’ – that the only people who could do no work at all were *‘literally unconscious or asleep’*.[[14]](#footnote-14) Everyone else could in a utopian world do *something*; the question is whether suitable jobs exist, and whether these people would be able to get them.

Once we understand this, three problems face us. Firstly, just because we’re living longer does not mean we’re in better health; improved medical care means that many people born with impairments or suffering traumatic injuries are able to live longer. Secondly, jobs are in some ways worse than the early 1990s: people have to work harder and with less control over their job, which makes it more difficult for people with health problems to say in work.[[15]](#footnote-15) And while we now have anti-discrimination legislation, this only forces employers to make ‘reasonable’ adjustments; the evidence not only suggests these are often limited, but that employers are less willing to employ disabled people as a result. Research by Richard Berthoud for the Department of Work and Pensions found that not only do “*disabled people face one of the largest employment penalties of all social groups being compared”* but also that “*the employment penalty faced by the disabled population has increased substantially since the 1970s”*.[[16]](#footnote-16)

And finally, many of the people claiming incapacity benefits are people with low employability in areas of few jobs. These are the very people whose employers are less likely to make adjustments, whose employers are less likely to tolerate absences, and who find it difficult to change to a job that’s suitable given their health. Some people end up in a situation where they are not fit enough to do the jobs they can get, but can’t get the jobs they can do. Completely incapable of work? Not necessarily. Penalised for their disability by a labour market that has no place for them? Definitely.

1. See speech by Rt Hon Iain Duncan Smith, 2009, available at: http://www.centreforsocialjustice.org.uk/default.asp?pageRef=361 [↑](#footnote-ref-1)
2. See <http://inequalitiesblog.wordpress.com/2012/02/21/never-working-families-a-misleading-sound-bite/> [↑](#footnote-ref-2)
3. See Taylor-Gooby et al 2003, http://dx.doi.org/10.1111/1467-9515.00320 [↑](#footnote-ref-3)
4. <http://fullfact.org/factchecks/one_in_eight_housing_benefit_claimants_unemployed-27479> [↑](#footnote-ref-4)
5. See <http://m.ippr.org/articles/56/8893/budget-2012-breaking-down-the-benefits-bill> [↑](#footnote-ref-5)
6. See <http://www.leftfootforward.org/2012/06/how-the-public-massively-overestimates-benefit-fraud/> [↑](#footnote-ref-6)
7. See <http://research.dwp.gov.uk/asd/asd2/fem/nsfr-final-170512_revised.pdf> [↑](#footnote-ref-7)
8. See <http://research.dwp.gov.uk/asd/asd2/IS_JSA_PC_fraud_headline_report_Oct04_Sept05.pdf> [↑](#footnote-ref-8)
9. See, for example, <http://www.bbc.co.uk/news/uk-politics-17351353> [↑](#footnote-ref-9)
10. <http://www.jrf.org.uk/sites/files/jrf/benefits-tax-families-full.pdf> [↑](#footnote-ref-10)
11. Stafford, B. and Roberts, S. (2009), The impact of financial incentives in welfare systems on family structure, DWP Research Report, No. 569 [↑](#footnote-ref-11)
12. Danny Alexander 2010, see <http://www.guardian.co.uk/politics/2010/jun/27/danny-alexander-defends-2010-budget> [↑](#footnote-ref-12)
13. <http://www.minimumincomestandard.org/downloads/2011_launch/MIS_report_2011.pdf> [↑](#footnote-ref-13)
14. See <http://www.social-policy.org.uk/lincoln2011/Gulland%20P6.pdf> [↑](#footnote-ref-14)
15. See Ben Baumberg’s PhD thesis available from http://etheses.lse.ac.uk/192/ [↑](#footnote-ref-15)
16. Berthoud, R., Blekesaune, M. (2007) *Persistent Employment Disadvantage*. DWP Research Report No 416. Available at: <http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep416.pdf> [↑](#footnote-ref-16)