

Time to meet the modern family

Families under pressure

“Every weekday morning, across the UK, there’s an army of mums, dads, grandparents and carers cajoling young children to “Hurry up and get ready for their day!”

This is how Nick Clegg opened his speech “Making Britain fit for modern families”.

It is a description of families under pressure.

Another is of parents spending only 36mins a day with their children¹, of children under 6 (60%) minded for 2 hours a day by the TV in their bedroom²
Of a lot of working parents (40%) too tired to enjoy being with their children³

Coping policies

There are policies aimed at helping people cope.

Flexible working⁴. Affordable child care.

What do they mean? Flexible working in most cases means working shifts. Parents arrange their hours so that they can relay looking after the children. One couple told Harriet Harman they exchanged the baby in the factory car park⁵. That is an extreme example but ‘split-shift parenting’ is growing. 80% of working fathers and half of working mothers now work ‘atypical hours’⁶.

These are dedicated parents trying to do the best for their families but they are under pressure. The cost to them is less time together and less time as a family, especially if it is the mother working atypical hours. Flexible working is part of a coping mechanism not a solution.

Affordable childcare means mothers are finding it difficult to earn enough to pay someone else to stand in for them. The treasury doesn’t mind because the job that was done in the family becomes a traded activity that can be taxed.

But the mother has to earn enough to pay child-minder or nursery carer out of her own income after tax. Somewhere in there is transport to pay for two people getting to their workplaces and the costs of admin of PAYE etc. All other things being equal the mother has to have a considerably higher earning capacity than her new employee.

This is another picture of dedicated parents doing their best but under pressure.

These policies are intended to help them cope with the symptom.

What they are not doing is trying to address the cause.

1 Virgin Holidays survey quoted in Daily Mail 14th July 2013 Jaymi McCann.

75% of children in the Southeast want to spend more time with their parents Family and Parenting Institute quoted in Telegraph 22nd Oct 2012 John Bingham

2 Early Learning Centre survey of 750 parents quoted by BBC

<http://news.bbc.co.uk/1/hi/entertainment/3077060.stm>

3 Good Housekeeping survey 2003. Quoted by Steve Webb in Orange Book

4 <https://www.gov.uk/flexible-working/overview>

5 Harriet Harman quoted in Observer 26th Nov 2006 Gaby Hinscliff

6 Hours outside 8am to 7pm. Report: ‘Working atypical hours: what happens to family life?’ National Centre for Social Research Sept 2006

The problem / choice for fewer

Less pressured arrangements where families get to spend more time together are possible but seem to be available to fewer and fewer people.

If it were just a matter of lifestyle choices there would not be a problem. But there is less choice than we like to think.

Netmums survey The Great Work Debate⁷

68% of mothers working Full Time would prefer to work Part Time

19% would prefer to be at home

33% of Part Time working mums would prefer to be at home

The majority of working mothers would prefer to be part time or full time at home for the family. These are the choices people want to make.

But fewer and fewer are able to.

Number of FT mothers dropped 25% in 15 years

In 1983 half of children under 5 had a mother at home. That had halved by 2003. That has continued to fall at the same rate. The number of mothers at home is now down to 2.02m in July this year down from .

Clearly people are not making the lifestyle choices they prefer.

For the mother to be at home, to forego the second income, is a choice fewer and fewer families can afford to make. Such that it is coming to be seen as the privilege of a rich elite.⁸

It should be a free choice. As Nick says:

“It is not for us to tell you whether you should stay at home or not. You have to decide what’s best for your family.”

And yet Government has been far from a neutral player in the changes that have pushed mothers into the workforce.

It has always been the case that for a mother to be at home means sacrificing an income but what has happened over the last 30 years is that economic conditions have made that even harder.

Government economic policy has turned against the single earner family model.

History of government policy against single earner families

1989 switch to independent taxation under Nigel Lawson but without the

‘transferrable allowance’ which he believed was a necessary part of the package.

Watering down of married persons’ tax allowance and ‘additional persons’ allowance’ for cohabiting couples under John Major’s government, finally replaced by Gordon Brown in 1998 with Child Tax Credits.

Changes under the coalition that disproportionately penalise single earner families or favour dual earner families

Removal of family allowance (child benefit) from higher rate earners

Changes to tax thresholds

Proposed tax breaks for dual earner families

Here’s the effect today - graph

⁷ The great Work Debate 4000 respondents Netmums 2006

⁸ <http://www.dailymail.co.uk/news/article-1019223/Number-stay-home-mums-drops-25pc-15-years-luxury.html>

Summary / this is the problem. Gross incomes etc...

To earn 3k you have to earn 16k a revolution in a man's labour market value that no family can seriously contemplate. What they can contemplate is the mother going to work.

IDS / Universal credit has been a move in the right direction.

Policy should address the family rather than individual.

UK tax system is the only one in OECD that does not recognise the family.

This is the picture if you think of society not as a series of classes or deciles but from the point of view of one family wanting to get on.

Solutions?

One part of a solution would be transferable allowances. [introduce CARE]

Does address the problem at its cause and therefore is part of a solution.

A small step (will make only a small difference) ... but in the right direction.

Income splitting would be a more significant step.

And here is a warning for policymakers.

18-39s different attitudes

I have shown you what today's women are saying they want.

British Social Attitudes survey^{9,10} is showing that there is a generation coming through that will be much more vocal.

Their attitudes are not visible in the headlines yet because they are being masked by the attitudes of the babyboomers but they are radically different. In the last 10 years the baby-boomer generation born between 1946-64, aged now 48 to 66, as well as dominating the 40-59 generation has started to shape the answers of the 60+ group too. So headline figures continue to show the familiar progressive trends. Largely hidden under that is an opposite trend among the younger generation. On key questions shaping the family tomorrow's young women think very differently from their mothers.

For instance, to the statement "A pre-school child is likely to suffer if his or her mother works" In 1994 34% of women agreed, falling to 31% in 2002 and 25% in 2012 reflecting the attitudes of 40-59s and changing attitudes among the 60+ as our grandparents generation is replaced here by babyboomers. But this surface trend masks an opposite and surprising change coming through behind. In the 18-39 age group the number agreeing rose abruptly from 22% in 2002 to 30% in 2012. Attitudes are similarly reversed on related question: "A job is all right but what most women want is a home and children" 30% agree – up from 15% in the two preceding decades.

Modern family

So I do not know whether a modern family is the family of today or of tomorrow.

9 The British Social Attitudes survey conducted by National Centre for is in its 30th year. Taking in-depth interviews with 3,000 people randomly selected. National centre for Social Research <http://www.bsa-30.natcen.ac.uk/>

10 "When there is a pre-school child, should a woman work outside the home? Yes, Full Time 4% British Social Attitudes Survey 2012 30th report reviewed by Centre for Policy Studies. <http://www.cps.org.uk/blog/q/date/2013/09/13/an-incomplete-revolution-or-the-start-of-counter-revolution/> Geoff Dench.

I think it will be tomorrow sooner than we think and what is ‘modern’ will not be defined by the class who still see themselves as ‘modern-ists’.

Babyboomers

The new generation know the Baby Boomers were a “fortunate generation”¹¹ who had full employment, free university tuition and jobs for life. And other benefits at the expense of their children: cheap oil, house price boom and final salary pensions. And they will see that they have ring-fenced their own welfare entitlements.¹²

They will not expect to have those things. They expect to consume less and make some choices more familiar to their grandparents’ generation. But they also share some of the values of that war generation.

They are not following the baby boomers’ ideologies.

They have different attitudes to the pressures facing them.

And they may want more from policy than the shallow coping strategies we have put up with.

So here is Don to talk about policy.

Don Draper and his collaborator Leonard Beighton have over 60 years’ experience of advising Governments on tax policy. They have watched the way in which the income tax system has developed over many decades. They have been the driving force behind the research published by CARE over the last 20 years on tax and benefits issues affecting families.

Leonard was Deputy Chairman of the Board of Inland Revenue between 1992 and 1994. Since he retired, he has continued to work on taxation in a variety of forums and in 2011 was honoured to be appointed an honorary fellow of the Chartered Institute of Taxation. Don has a particular interest in the taxation of the family.

Don will explain some policies to think about if you want to be on the right side of history

[[Baby boomers see mothers at home as ‘sepia tinted’ but in the future we will look back and see mothers were pushed out to work to artificially prop up GDP and modern families will see the individualist ideology was a cover, a bit of propaganda. It will have that strange artificial, washed out colour of a 70’s movie.]]

11 Bishop of London Rt Rev Richard Chartres quoted in Telegraph 11 June 2013 John Bingham

12 HSBC chief economist Stephen King claims rich Baby Boomers are behaving like the nobility in the Peasant’s Revolt and risk an uprising by younger generation. 1/6th of the population: Baby Boomers own 80% of the nation’s £6.7trn assets and collect 2/3rds of the £165bn welfare budget. Quoted in Telegraph 10 July 2013 James Titcomb.