



Policy Study No 120

Happy Families?

four points to a Conservative family policy

David Willetts



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1

Conservatism and the family

The touchstones which enable us to distinguish between a Conservative and a left-wing, radical approach to the family are:

- (i) respect for traditional popular wisdom
- (ii) attitudes to authority
- (iii) different models of morality
- (iv) an agenda for state action
- (v) attitudes to social change.

These will be looked at in turn.

Is Mrs Grundy right?

The Conservative respects popular attitudes and the institutions which they sustain. They do not survive by chance; they survive because they rest on shared wisdom and experience, because they work. This is famously expressed by Edmund Burke in his *Reflections on the Revolution in France*:

'We are afraid to put men to live and trade each on his own private stock of reason; because we suspect that this stock in each man is small, and that the individuals would do better to avail themselves of the general bank and capital of nations and of ages. Many of our men of speculation, instead of exploding general prejudices, employ their sagacity to discover the latent wisdom which prevails in them. If they find what they seek, and they seldom fail, they think it more wise to continue the prejudice, with the reason involved, than to cast away the coat of prejudice, and to leave nothing but the naked reason; because prejudice, with its reason, has a motive to give action to that reason, and an affection which will give it permanence.'

The family, meaning a married couple with their children, has survived because it meets human needs; it embodies a 'latent wisdom'.

The radicals respond that today's 'nuclear' family is a very recent invention. It is described as 'Victorian'. We are told that in

the past marriages were arranged, people lived together in large extended families, and parents had much less emotional engagement with their children who were treated like tiny adults. Ferdinand Mount's *The Subversive Family*¹, drawing on the work of Peter Laslett and other scholars, traces this 'nuclear' family back into the past. He shows that it is a more robust and popular institution than is sometimes supposed. Emanuel Le Roy Ladurie's mediaeval Montaillou is not so very unfamiliar to us.

All through the last two thousand years (sometimes borrowing the words of the Christian gospel) visionaries have been trying to escape the constrictions of the family. It is interesting to see how their idealistic projects for communes and alternative lifestyles eventually revert to a family structure with fixed partners. And interesting, too, that these attempts to escape from the family often involve renouncing private property too. Marx believed in such a linkage and thought that both institutions would disappear under communism.

But the party of property should be the party of the family.

Of course, the family is changing. The pill, women's new educational and job opportunities, and the invention of household appliances have all altered its nature. Popular attitudes have followed suit. And indeed any sensible Conservative understands that the wisdom embodied in social institutions and conventions may need to change. This is the link between the thought of, say, Edmund Burke the arch-Conservative and F F Hayek who denies he is a Conservative at all. Both assume that institutions and attitudes which survive do so because they work; if they cease to work then they are abandoned.

Sex before marriage is an interesting example. In the early '60s many or most looked askance on it. Then came the pill. Of all marriages celebrated in 1987, over half of the couples had lived together before marriage, as against 10% 20 years ago. According to the latest survey of British Social Attitudes, only 22% now think this to be 'mostly wrong'. 43% actually recommend living together for a while before marriage.² The author makes no moral judgement here. But, for better or worse, faced with a clear change

1. Jonathan Cape, 1982.

2. *British Social Attitudes*, 7th Report, 1990.

in external circumstances, attitudes shifted dramatically within one generation.

But other of our beliefs about marriage and family life have remained the same. Despite the permissive revolution of the sixties, most people still aspire to marry. The Social Attitude Survey quoted above shows that 70% of people who want to have children think they should be married before they do so³.

Most think that it is best for a child to be brought up by its own two parents. Not that we all live up to that ideal — which may be sustained only with a degree of hypocrisy. Yet most people do believe that it is the best upbringing: evidence of itself that they may well be right.

It is not so much then that our fundamental attitudes to the family and to marriage have changed: rather that it seems more difficult to live up to our aspirations. This is where public policy can play a modest but useful role.

Authority and the family

The family is the circle where authority is exercised, sometimes loving, sometimes wayward, sometimes firm, sometimes careless — but in all cases the first place where we see authority exercised in some degree. Here is a reason why the family is looked on so warily by those who are suspicious of any authority. But the exercise of authority by parents within the family is not a dry run for fascist dictatorship.

The truth is that it is only through experiencing discipline within the family that children learn to exercise the virtue of self discipline in their adult lives. And if we lack self-control — or what the psychologists call 'internalised norms of behaviour' — then discipline and constraints have to be external instead. In Plato's Republic dictatorship follows when the appetites are out of control.

It may be that the most important change is not so much in the external appearance of the family — most people still get married and have children — but in its inner working. Family meals disappear to be replaced by 'serial grazing'. As we become more

3. Op. cit.

affluent children get more of what they want. And the patterns of authority within the family are eroded.

If children are brought up without any experience of the exercise of benign authority, it frustrates much of the work of people in our public services. One of the heaviest pressures on teachers, GPs, and policemen nowadays is that they can no longer command respect and authority by acting *in loco parentis*. The author has heard a policeman say 'If a policeman says no to an adolescent it may be the first time that anyone has ever said no to that person in his or her life.' Many people in public service feel that their jobs have become tougher over the past ten or twenty years. They attempt to pin all the blame on financial and managerial pressures. But a seachange in attitudes towards their authority may be a better explanation.

Models of morality

Alasdair MacIntyre and other moral philosophers argue that in the past obligations were seen to follow social roles. A chief or a gentleman or a serf had obligations by virtue of his position. Nowadays morality is more personal. The modern picture of a moral decision is of somebody faced with a difficult personal choice (for example, whether to have an abortion or to join the resistance during the War). Left-wing radicals see the family as sharing in these changes. A recent paper from the Institute for Public Policy Research clearly put this conventional wisdom:

'... as the nature of marriage has changed (from social institution to private relationship) couples have placed more emphasis upon the personal qualities of their partners — they now look for companionship, communication, and sexual compatibility. The transition from culturally prescribed roles to negotiated roles is bound to cause tension — both to individuals and to the institution of marriage⁴.

Disregarding any doubts about the historical accuracy of this view, its great weakness is its failure to appreciate that a family puts us under obligations which we do not choose and cannot escape. To be a 'gentleman' may no longer automatically involve

4. *The Family Why*, Anna Coote, Harriet Harman & Patricia Hewitt, IPPR, 1990.

any obligations, to be a father still does. We don't choose our parents but even individualists of the late 20th Century appreciate that we have powerful obligations to them. And one of the reasons why a divorce involving children cannot simply be a private matter is that whilst you can divorce your husband or wife you cannot divorce your children. Again, there are inescapable obligations. Moreover, these duties are expressed in a public, legal institution.

By and large moral and political philosophers have not paid much attention to the family. One of the few exceptions was Hegel — who did indeed insist that we cannot just think of our moral obligations as private and personal; they are also part of the public realm.

The Family and the State

There is an irony in the contrast between the Conservative understanding that the family is a social institution, and the radical argument that it is essentially a private affair. When there is any question of state action we seem to see a somersault — with the radicals pressing for a bigger role for government in supporting this allegedly private institution and Conservatives arguing the opposite. Yet the contradiction is only apparent. If one believes that the family is a powerful social institution in its own right, a network of mutual support (almost a mini-welfare state), then there are obvious times when the family is a substitute for state action. On the other hand if the family is no more than a private emotional attachment then more is left for the state to do. The argument between left and right on the family does tie in with their different views on the role of the state.

One example is single parents. Social researchers argue whether or not children brought up in households with single parents are at a disadvantage. Some evidence does suggest that they are likely to be less healthy and do less well at school. But then the reply comes back that this is because, on average, single parents have low incomes; if only the Government paid more generous benefits to them then their children would do much better. But even assuming that all the difficulties facing children of single parents stem from money there is still a fundamental point of difference. Single parents are much more dependent on the state

for their income than other types of families. (70% are on Income Support.) They receive £4bn in benefits. 40% of single parents' income comes from the state against about 7% of conventional parents' income. Boosting incomes by paying out even more generous benefits doesn't make single parents more like other families, but less — single mothers in effect become married to the state. We need to find ways of alleviating disadvantage without increasing dependency.

Another example of these pressures for increased state action is seen in the debate on child care. There is evidence that some types of child care — anonymous, institutionalised, lacking in stimulus or strong emotional ties — are bad for young children. So pressures grow for 'quality' child care: low numbers of children per adult, friendly homely surroundings, stable adult staff with whom the toddlers can create and sustain emotional bonds. Such high quality care does no harm, and may indeed be beneficial, particularly for children over two. But observe two facts. First, such quality care seems remarkably like the environment enjoyed by children in a stable happy family with a network of friends and neighbours. Secondly, such care is very expensive. Indeed for some mothers the bill could match their weekly earnings. So there are campaigns for subsidies and vouchers and tax reliefs in order to bridge the yawning gap between a mother's likely income and the costs of the quality care they advocate. An ambitious agenda for public expenditure follows. Families are perfectly entitled to buy child care, but do we want a big new public expenditure programme as well? The real solution will come from the steady improvement in women's education and employment opportunities, enabling both families and employers to buy more child care.

Attitudes to social change

TV documentaries on such problems of the '80s as homelessness and child abuse often end with blaming 'Thatcherism' and 'cuts' — which hover over most social policy debates like poltergeists in a horror movie. What they are reluctant to do is to trace the problems back to changes in the family.

There are no reliable statistics on child abuse but it does look as if it is more prevalent than 10 years ago. The left have taken this

as evidence that the family is an oppressive institution. Beatrice Campbell has written of child torture coming to haunt Thatcherism during the 1980s.⁵

'The ghost of dead children — Jasmine Beckford, Tyra Henry and Kimberly Carlile all destroyed by their fathers — smiled out from the newspapers ... it all seems to vindicate Thatcherism's scorn for the busy-body welfare state. But not quite: these children died within the family, the institution sanctified by Thatcherism.'

But as Andreas Gledhill has pointed out⁶,

'children from backgrounds of family disruption comprise a majority of the victims of all three major forms of active abuse, and a majority of the victims of neglect. Particularly alarming is the greatly disproportionate number of 'father substitutes' involved in the abuse of children — especially with regard to sexual abuse.'

There is violence and sexual abuse within the natural family. But the dangers are much greater outside its ties. The threat often comes from the new lover or the stepfather. So we need to be aware how changes in the family are linked to changes in the social environment which affect us all.

The Conservative then needs to ask himself why the family is itself changing. Here again the apparent irony in the political lineup between left and right manifests itself. It could be argued that the idea of the family as an essentially private emotional affair is itself a consequence of the triumph of free markets. Since it is the essence of such free markets (the argument runs) that our interest as consumers should always prevail over our interest as producers, then why does that not apply here? Instead of seeing a family as the producer of a set of social services we should see our role within it as consumers of emotional and private satisfactions. If those satisfactions disappear then the marriage should break up.

Norman Tebbit castigates the permissive society and he also urges people to get on their bikes and find a job. But if it is good to change jobs, why is it bad to change partners? Free markets require

5. *Unofficial Secrets: Child Sex Abuse — the Cleveland Case*, Beatrice Campbell, London 1988, p.78.

6. 'Who Cares?' CPS, 1989.

mobility and that is a direct threat to the rootedness of a family. A major reason for the decline in the birth rate in advanced Western society is that children are a tie and a cost — they constrain our activities as consumers living for the here and now. We face here one of the biggest questions in modern Conservatism — the apparent tension between the Tory belief in families, communities, and the values they embody and on the other hand free market economics which bring growth, change, and individualism.

But in fact social stability and economic vigour appear to go together. Traditional family ties are at their weakest not in the prosperous suburbs but in inner cities suffering from industrial blight and high unemployment. Against a national average of 14% of single parent families in 1981 (the latest date for which detailed geographic data are available), Liverpool had 19.9%, Inner London had 26.6% and Lambeth had 32% of all its families headed by one parent⁷. There seems to be a correlation between areas with high ratios of unemployment and those with high numbers of single parents. Young women in such areas face a decline in the 'marriageable pool' of young men with reasonable skills and job prospects. It is economic failure not economic success which leads to social breakdown.

7. Kiernan and Wicks, *Family Change & Future Policy*, Joseph Rowntree Foundation, 1990, p.14.

The changing family⁸

The survival of the nuclear family

We are used to being told that the so-called 'corn flake packet' family of a husband and wife and two children is in deep decline. In 1987 only 28% of households consisted of a married couple with dependent children as against 31% in 1981 and 38% in 1961. A quarter of all households in 1987 consisted of people living alone, against one eighth in 1961. The change is obvious; the only argument is whether we should react with glee, with horror or with passive acceptance.

But these changes must be set in proportion. The nuclear family is not disappearing. Pessimists mislead us by providing figures based on households rather than on people. Although there are more non-nuclear households, these are for the most part people living on their own, either in their twenties before marriage or in widowhood in old age. Fewer people, in fact, remain single throughout their lives now than in the past. Most spend the greater part of their lives in a household headed by a married couple. As *Social Trends* says:

'... just over 77% of people living in private households in Great Britain in 1987 lived in families headed by a married couple, a proportion which has fallen only slightly since 1961. Within this, the proportion of people in households consisting of a married couple and no children has risen while the proportion of married couples with children has fallen⁹.

The table opposite gives the full picture.

8. This chapter attempts to set out an agreed factual basis for the discussion of family policy which follows later. It draws on the official publications *Social Trends*, *Population Trends* and the *General Household Survey*. It also relies on two recent pamphlets which bring together valuable information on families today, *Family change and future policy*, op. cit. and *Fewer babies, Longer lives*, John Ermisch, Joseph Rowntree Foundation, July 1990.

9. *Social Trends*, 1989, p.39.

Percentage of people in different types of household in Great Britain

Type of household	1961	1971	1981	1987
Living alone	3.9	6.3	8.0	9.9
Married couple, no children	17.8	19.3	19.5	21.5
Married couple with dependent children	52.2	51.7	47.4	44.1
Married couple with non-dependent children only	11.6	10.0	10.3	11.8
Lone parent with dependent children	2.5	3.5	5.8	4.7
Other households	12.0	9.3	9.0	8.0
All households	100.0	100.0	100.0	100.0

Source: *Social Trends 1989*, Table 2.9.

Illegitimacy and consensual unions

But one of the most dramatic figures which suggests we are seeing a much greater decline in the family than might be thought from the previous section is the illegitimacy ratio; and above all the speed at which it has been rising. In 1980 one in eight of all births was outside marriage; in 1984 it was one in six. In 1986 it was one in five. In 1989 it was one in four. And the figures for 1990 suggest it may have been in three that year. We think of social change as being like the melting of a glacier but this is more like a run on a bank, and we cannot tell where it may lead.

John Ermisch tells us not to panic:

'the number of births outside marriage appears to be less indicative of lone motherhood than it used to be. The proportion of these births jointly registered by both parents increased from half in 1975 to 68% in 1987. An increasing proportion of the joint registrations (70% in 1987) showed the same address for both parents, suggesting that these births are to co-habiting parents. Thus, the rise in jointly registered illegitimate birth reflects the increase in co-habitation without legal marriage. The percentage of births outside marriage and registered solely by the mother has, therefore, increased relatively little. It

rose from 4.9% of births in 1979 to 7.4% in 1987'¹⁰.

We do not, however, know how many of these illegitimate children are being brought up their two natural parents enjoying a stable relationship. Ermisch has found that by the time the child was five years old, 60% of single mothers had an established partner, and that this figure rose to 70% by the time the child was 7. (We do not know if this was legitimising the relationship between their two natural parents or whether their mother had married someone other than their father.)

The progressive wisdom is that a consensual union outside the legal framework of marriage would be as good as a marriage. But an analysis of the 1981 Census has shown that cohabiting parents who jointly register their children's birth were three times more likely than married parents to end up as single parent families. There is evidence from Sweden that consensual unions are less stable and produce fewer children than marriage. Moreover, Kiernan and Wicks cite a recent U.S. study which:

'shows that the degree of father's involvement with children after separation varies depending on the circumstances of the children's birth. Fathers of children born outside marriage are less involved with their children in terms of paying child support, visiting their children, and being involved in child-rearing decisions than are fathers whose children were born within marriage'.¹¹

Increasing incomes for women

John Ermisch has analysed the consequences of women's wages rising relative to men's. He summarises his findings as follows:

'higher net women's hourly earnings reduce the likelihood of a birth while higher men's net real weekly earnings increase it. Thus, there is strong evidence that higher women's wages raise the cost of an additional child by increasing earnings foregone, and the higher

10. Ermisch and Wright, *Welfare Benefits and the Duration of Single Parenthood*, *NIESR Review No 130*, 1989, pp. 13-14.

11. *Op. cit.*, p.32.

opportunity cost reduces the likelihood of another birth, but couples respond to higher men's earnings by having more children and having them sooner'.¹²

This is central to the debate on the state's role in supporting children through the tax and benefit systems. Too often people think of the cost of children simply in terms of family expenditure. But the real change over the past twenty years is the increasing cost of children in terms of the income which the mother loses by ceasing to go out to work, in order to look after them. (The implications of this are discussed further in Chapter 4.)

The increase in the divorce rate matches very closely the increase in women's real earnings. As women have greater economic independence so they are less dependent on their husband's earnings and more able to free themselves from unhappy marriages (and three quarters of divorces are initiated by women).

Demography

People repeat two things about British demography — that the birth rate is declining and that the numbers of old people are rising. Both propositions are false.

The boom and bust cycle of the British birth rate has some interesting correlations with the stop go cycle of the economy. The birth rate was running at about 830,000 live births at the peak of the Heath boom (1971-72). It then fell dramatically to 630,000 in 1976-77. That was the lowest number of births in Britain in the post-War period. Since then it has recovered (with a slight pause in the early 80s) to reach 760,000 in 1987-88, its highest figure since 1972-73. It is the low birth rate of the mid-70s which is behind talk of a demographic crisis, because it is now feeding through into lower numbers of school leavers. But meanwhile, down at the younger age group we have the children of the baby boom of the late 60s, who were in turn the children of the immediate post-war baby boomers. Each of these booms is admittedly a weaker echo of the previous one. The trend in Britain is towards a decline in fertility, as it is in most other advanced western countries. But it is the cycles within this trend which most affect employers and

12. Ermisch, *National Institute Economic Review* No 126, November 1988.

schools — and here we can already see the beginnings of the next upswing. There are likely to be 15% more primary school pupils in 1998 than in 1984. The education system might finally have begun to close surplus secondary schools just as the number of teenagers starts rising again after 1993.

It is the big increase in the number of young children which explains the growing political importance of issues such as child care and nurseries — there are now nearly 4 million under-5s, against just over 3 million in the early 80s.

There is a similar misconception about the aging population. The big rise in the number of pensioners, one of the main reasons why the social security budget has risen so rapidly during the 80s, is tailing off. The number of people aged over 65 rose by over one million during the '80s. That figure will remain flat for nearly 20 years. The only change will be in its composition — with an absolute fall in the number aged 64 - 75 matched by an increase in the numbers aged over 75. The dependency ratio — the numbers of workers per pensioner will remain constant at about 2.7 until early in the next century when it will begin to fall dramatically.

This is relevant to the argument that a demographic crisis requires that we should urge mothers with young children to go out to work. We are not facing a collapse of the ratio of able-bodied working people to the rest of the population.

The working mother

What women actually choose to do

The table below summarises the key facts. Rather than become trapped in never-ending arguments about whether mothers should go out to work or not, let us look instead at what they actually choose to do.

Working patterns of mothers with young children

Age of youngest dependent child (years)	Not working (%)	Working part-time (%)	Working full time (%)
0-2	70	19	11
3-4	54	35	11
5-9	38	48	14
10+	26	45	29

Source: *General Household Survey, 1987*

The more recent analysis of the 1989 Labour Force in the *Employment Gazette* (December 1990) shows a very similar picture. 60% of mothers of children aged 0-4 do not 'work' at all, 27% work part-time and 12% full time. (And for mothers of children aged 5-10 the figures are 34%, 46% and 20%; for mothers of children aged 11-15, 26%, 43% and 31% respectively).

This pattern reflects the general, intuitive belief that when a child is very young it is likely that the mother will be around for much of the time. Most mothers of young children do not go out to work, and full-time work outside the home becomes widespread only when children are 10 or over. A recent NOP poll for *The Independent* illustrates the popular attitudes

Attitudes to outside work in young families

For a family with children under 5 years old, which of these statements comes closest to your own view?

	All %	Men %	Women %	Age		
				18-34	35-54	55+
It is important that one parent is non-working, in order to look after the children	47	48	46	39	45	58

It is reasonable for both parents to work, as long as one only works part-time	30	29	32	30	34	27
It is reasonable for both parents to work and make other arrangements for looking after their children	18	18	18	25	19	10
Don't know	5	5	4	6	2	5

Source: NOP, *The Independent* 21 September 1990

The number of women in paid work has grown greatly in the past ten years, from 9 million in 1979 to 10.7 million in 1989 (an increase from 38% of all people in employment to 42%). What accounts for this? If we can understand the trend it might help us judge whether it will continue and what implications there are for policy. Two features of the British economy in the '80s are certainly factors - the deregulation of the jobs market and the house price boom.

Restrictions placed by government on the labour market have been greatly eased during the 80s; and the costs of employing people part-time have been reduced by (for example) the reform of national insurance contributions. That has opened up enormous opportunities for women to work part-time. As a result, women now form 41% of those in employment — a higher percentage than almost every other EC country.

The second crucial factor has been the house price boom. Economists confirm the anecdotes about women having to go out to work to help pay the mortgage. John Ermisch has shown:-

'when house prices are higher relative to prices of consumer goods women are discouraged from starting a family. Higher house prices also reduce the probability of a second birth among mothers in their early twenties. Thus competition between purchasing a house of a desired quality and size and childbearing appears to deter the onset of childbearing when house prices are higher'.¹³

Some commentators say that most mothers would really *like* to work, but cannot because of the poor child care available. But is it wise to argue that people's actual choices are not a guide to their 'true' preferences? Or that any of us know that they would really

13. Op. cit., p.9. See also *NIESR Economic Review* No 126, 1988.

prefer to do something different? One might equally say that 'really' many mothers are not very keen to work, but have been driven to delay child-bearing, produce fewer children, and go back to work sooner because they must pay the high costs of housing in Britain in the '80s. And if that is right then the collapse of the house price boom and the prospect of a decline in mortgage rates over the next few years suggest that financial pressures on women to go back to work may ease.

Many social engineers are unhappy with what women actually choose to do. They refuse to accept that their actual behaviour is the best guide to what they want. Instead they want to use public policy either to push women back to work or to get them out of work. These two policy options will now be looked at in turn.

Encouraging women back to work

One powerful group argues that government policy should encourage mothers back to work as soon as possible. They claim that because there are fewer teenagers we face a demographic crisis which requires more women to work. The costs of child care are seen as the obstacle to getting mothers with young children back into the workforce; so there should be special tax rates or vouchers to help working mothers with the cost of child care. There are three objections to this approach.

First, it disregards the great satisfaction which many mothers enjoy from being with their children in pre-school years. And mothers are surely right to follow their instincts. The evidence does suggest that very young children (under three years old) may not thrive if they spend long periods in anonymous institutional settings. Lacking a close attachment to their mothers, or some other special individual, they form strong bonds in later life less easily. (On the other hand there is also evidence that children of 3-4 years old positively benefit from the stimulus of spending some time in nurseries or 'structured play'.)

Second, the idea of a demographic crisis is a myth, nothing more. It is true that fewer teenagers are coming into the labour market now than ten years ago. Almost everything else in the argument is false. It does not follow that the only group that can make up for any shortfall are young mothers. Making it easier for mothers with older children to re-enter the workforce is much

more promising. There are 2.1 million women aged between 40 and 60 who do not have paid work. And there are several million active, experienced people in their sixties.

To say that government should intervene to deal with the so-called demographic crisis is to fall into the trap of looking at statistics without any economics. If companies are desperate for skills which are possessed only by mothers with young children, then the companies will meet the necessary costs to entice them back to work — providing sufficient child care vouchers etc. so that the supply of good workers matches the demand. There is good evidence that child care allowances, or vouchers for female employees to spend on the child care of their choice do benefit companies. They are a good way to retain staff without giving blanket pay increases. That is how the market should be left to work.

Third, ambitious government schemes to encourage young mothers back to work redistribute income from poor to affluent people. By and large, two-earner couples are not poor. The poorer families are the one-earner couples where the mother has chosen to stay at home and look after her children. So measures which target extra spending or tax reliefs on working mothers will inevitably help prosperous families at the expense of poorer ones; this regressive redistribution of income cannot possibly be defended.

The conclusion must be that it would be wrong to use the tax and benefit systems to encourage mothers with young children back into the workforce. At least changes in the tax and benefit system should be neutral between mothers who choose to go out to work and those who wish to spend more time with their children.

Should we encourage mothers to stay at home?

At the opposite extreme is the belief that the state should encourage mothers with young children to stay at home and look after them rather than work outside the house. This is the *Kinder, Kirche, Kuche* school of social thought. But it is as misconceived as the militant back-to-work tendency discussed above.

It is nonsense to open up educational and employment

opportunities to women, and then discourage their taking advantage of them. Women received 43% of all first class degrees awarded in 1985. Women account for half the students in medicine, law and accountancy. A third of all entrants to the Enterprise Allowance Scheme are women. Free markets prevent talents and skills from going to waste.

It makes no sense, then, to deter mothers from going out to work, if they wish. And that is clearly what most British citizens believe. Although many are unsure about the idea of mothers with young children going out to work, that does not mean that they believe that a woman's place is simply 'in the home'. Indeed, the latest Social Attitude Survey¹⁴ showed that 69% disagreed with the proposition that 'a wife's job is to look after home and family' (and only 50% disagreed with that as late as 1984)

Many mothers go out to work from a sense of family responsibility. They want the extra income to bring up their children better than they could afford to do if they did not work.

Moreover it is difficult to see how to administer any measure aimed solely at getting mothers to stay at home. It would be impossible to police. However, one-earner couples do tend to be the poorer ones and therefore a benefit aimed at all low-income working families might in effect help families where the mother stays at home. And this is indeed how the new family credit appears to be working. It tends to go to one-earner couples (and single parents). Two-earner couples are unlikely to have a combined income low enough to qualify.

Implications for policy

If the Government is neither to encourage young mothers back to work nor to encourage them to stay at home, what role should it play? The guiding principle must be that the state should be neutral between mothers who choose to go out to work and those who wish to stay at home and look after their children. But that does not mean that the Government should do nothing.

14. Op. cit.

Taxes and benefits

Benefits for families

The benefit system helps towards the costs of children through three main benefits.

Child benefit is paid at the rate of £7.25 per week to 6.8 million families with 12.2 million children. The total cost is £4.6 billion a year (equivalent to more than 3p. on income tax). From April 1991 there will be a new rate of £8.25 for the oldest or only child with the rate remaining at £7.25 for the other children. This increase will cost £260 million net, and help all families receiving child benefit.

The family credit was introduced in 1988 as part of Sir Norman Fowler's social security reforms. It improved on the old Family Income Supplement. It tops up the incomes of low income working families. At the moment it goes to some 330,000 families who receive an average payment of £30 per week. The total annual cost is therefore about £480 million a year.

In the policy discussions during the social security reforms of the mid-eighties, I had envisaged family credit working like the American Earned Income Tax Credit. This is a tax allowance which is withdrawn as one's income rises just as the age allowance is in Britain. The family credit would have been a straightforward tax credit which reduced one's tax bill directly. This approach was opposed on the grounds that it was likely to increase the man's income rather than the woman's and that it made employers' PAYE calculations too complicated. So in the end family credit became a benefit collected by the mother at the Post Office.

Income Support replaced the old supplementary benefit. It includes a family premium payable to meet the costs of children valued at £12.35 for a child under 11 and £18.30 for a child 11-15. Although we are used to being told that these income-related benefits suffer low take-up, the figures show these fears to be exaggerated. £9 out of every £10 means-tested benefit is claimed.

What to do with child benefit?

There is no better place to start any consideration of changes in the

benefit system than with William Beveridge. He had an insight which can still guide anyone interested in improving our social security system. He understood that it was wrong to confuse targeting and means testing. Too often nowadays we assume that they are one and the same — and that the only way to target a benefit is to means-test it. Means-testing child benefit will not do. It would cost thousands of extra civil servants. It would make the poverty and employment traps worse. And we already have in family credit and income support two means-tested family benefits, which work better after Norman Fowler's reforms and focus well on the groups that really need extra help. A third means test going much further up the income scale would be an unnecessary extra complication — those who really believe in means-testing should instead advocate extending the scope of the two existing means-tested benefits and (if they wish) cutting back or abolishing child benefit.

Beveridge understood that if you define the category of people who are entitled to a benefit carefully it can be well targeted on those in greatest need without any necessity for a cumbersome means test. People who were unemployed or sick or who had children to bring up were likely to have low living standards. So benefits aimed at them would be well targeted without being means tested.

Any new form of child benefit should therefore be targeted better without means-testing. That is the approach behind Tony Newton's ingenious new structure announced in his November uprating. He argues that when the first child arrives the shock to the family finances is greatest. The family income falls because the mother is likely to stop work. And the family expenditure rises as the first child has to be equipped with a host of new items (while subsequent children can have some cast-offs). Having two children, as every mother knows, is not twice as expensive as having one.

From a very similar approach, I reach a different set of conclusions. The social change which the benefit system needs to take account of above all is the change in women's working patterns.

Beveridge assumed that mothers did not work; that family allowances would boost the income of one-earner families. In 1931,

10% of married women were employed, by 1951 it was 30%, in 1987 60%. Now women stop going out to work for a few years but most are back (at least part-time) when their children are of school age (as the figures in chapter 2 showed). Two-earner couples are unlikely to have a combined low income. The families with low incomes are those with one earner. In 1985, nearly 75% of the 84,000 working families with children, and with earnings of under £150 a week, were dependent on a single wage. And one-earner couples are, largely, the families with young children. So help for families with young children would be well targeted. It follows that a higher rate of child benefit for the under fives would be a good way of alleviating hardship in low income families without the need for any cumbersome means tests.

This approach sees child benefit as compensation for loss of income. Even quite affluent households who have become used to living on the combined incomes of husband and wife feel the shock to the family finances when the first child is born. That is when child benefit can be of greatest help.

One obvious objection, however, is that as children get older they become more expensive. Keeping a teenager in trainers and Kylie Minogue records is even more expensive than keeping a toddler in nappies and Paddington Bear books. Some people therefore argue for the opposite of the approach argued here, with a higher rate of child benefit for older children. But although the costs of children do indeed rise, the incomes of their parents are likely to rise even more. By the time the children are teenagers the parents may well have been promoted, the mortgage is beginning to take up rather less of the family income, and the mother is again likely to be making a useful contribution to the family finances. It is silly to look at benefit changes in isolation from this wider social context.

Another objection — the reason why Tony Newton decided against the author's approach — is that the reduction in benefit when the child gets to school age is a signal that it is time for the mother to boost the family income by going back to work. This could be seen as unfair on those women who reasonably prefer to stay on at home. But the reality is that most women do work at least part time, when their children are of school age and the benefit system has to reflect this behaviour. Of course, trying to

make ends meet on one income with older children can be difficult — but that is where the family credit comes in. It can boost the incomes of families in precisely these circumstances.

How to do it

The extreme version of the approach advocated here would be to abolish all child benefit for the over fives, and spend the considerable savings on more than doubling child benefit for under fives to say £15 p.w. This would still yield a net public expenditure saving of over £1 billion, some of which could be put into increasing the premium in income support for unemployed families and higher rates of family credit. The rest could go into financing the return of the child tax allowance. But it is clearly impossible simply to withdraw benefit from eight million children over five. No government could do it.

We need an incremental scheme which moves gradually in the direction of targeting help on families with young children. The practical policy for the next Conservative Election Manifesto would be to commit the party to introducing an £8.25 rate for every child in the next uprating, plus a premium for under fives. There would be no commitment to uprate the £8.25 figure for children over five in the future, but there should be a pledge that the under five rate would at least be put up in line with prices. Such a policy would alleviate much anxiety about the future of child benefit, and cost less than an across-the-board uprating — which would necessarily fail to meet the most urgent needs.

The case for a child tax allowance

From the days of Pitt the Younger until the last Labour Government the tax system took account of the costs of children through a child tax allowance. This was phased out from 1976 to 1978 as the new child benefit was phased in.

In a publication last summer¹⁵ Lord Joseph argued for the return of a child tax allowance to supplement support for families through the benefit system, saying that this would recognise the real costs of having children. There are those who object to this idea.

15. *Rewards of Parenthood: towards more equitable tax treatment*, Lord Joseph, CPS, 1990.

First, some free market purists say that children are simply a 'consumption good'. On this argument there is no more reason for public policy to take account of the cost of having children than of the cost of having a motor car or a yacht. If this argument were carried to its logical extreme we would get rid of child benefit and family credit, and even the child premium in income support. It contradicts the traditional Revenue doctrine that a married man earning say £20,000 a year with a non-working wife and two children, has a lower 'taxable capacity' or taxable surplus than a single man on the same salary with no family responsibilities. Most Conservatives would hold to the traditional Inland Revenue doctrine. Children are members of the community, not objects. Even in cold economic terms children are the earners of the future and those who expect the economic activity of the future to sustain them in their old age should be prepared to help the families who produce the producers. In a world of high personal consumption and easy mobility the costs of children and the way in which they restrict freedom, can lead to a disinclination to have them. Increasing job opportunities for women mean that the cost of children, in terms of income foregone, is rising steadily.

The next line of argument is to concede that the government should provide help for families, but to say that that is the job of child benefit not the tax system. We should recognise that the child benefit is the successor to the old tax allowance. On this view, the best way to help families is simply to increase it. Moreover, child benefit, since it goes directly to the mother, helps her spend money on her child whereas, if it went to the father he would spend it all on his personal indulgences (this is known as the wallet/purse argument).

Certainly there are good reasons for keeping child benefit, but they do not undermine the case for supplementing it with a tax allowance. Conservatives believe that people should fend, as much as possible, for their own families through their own efforts. It is unhealthy to foster the attitude that the community's support for families is simply a matter of cashing an entitlement at the Post Office — and that this is better than letting us all to take home a bigger proportion of our pay to help meet our family responsibilities. The wallet/purse argument is also exaggerated. After child benefit was introduced in 1976 families did *not* spend

more money on children's shoes or clothes. It seems a very ambitious piece of social engineering to try to redistribute income between the mother and the father, by means of changing the balance between the tax and benefits systems. Moreover, as more women have incomes of their own, so they themselves can claim the child tax allowance.

Some argue that the child benefit helps all families, whereas the tax allowance helps only those who are already earning an income. But neither Lord Joseph's nor the present paper advocates the abolition of child benefit. Moreover child benefit itself does not help the poorest families. Means-tested benefits for poor families are reduced by whatever income families have from other sources. So increasing the rate of child benefit without altering the Income Support rate does not actually boost the income of the 1.5 million poorest families on means-tested benefits (as their means-tested benefit is reduced to compensate for the increased income from child benefit). The truth is that neither increases in child benefit nor tax allowances help the poorest families. If you are on means-tested benefit the only way to boost your income is by increasing the value of the means-tested benefit.

At the other end of the income scale child benefit, being exempt from tax, confers a higher gross addition to income to somebody paying 40% tax than to somebody at the basic rate. For the 40% taxpayer £7.25 child benefit is equivalent to earning £11 gross, against about £9 for the taxpayer on the basic rate.

The worst problem with the child tax allowance is the families whose incomes are just high enough to lift them off family credit but who are not earning enough to pay tax. There are not many families in these circumstances — perhaps 100,000 — though several hundred thousand families might not have incomes high enough to use the new child tax allowance. But this problem should not be exaggerated. 80% of families with children do pay tax. The best way to deal with the small group in between benefit and tax would be slightly to extend the scope of the family credit.

The way forward is to revert to the system which obtained throughout most of the postwar period when families were helped through a tax allowance to boost the pay packet plus a special benefit. It is against the long term interest of the family for all public support to be focused on a single benefit.

The commitment to bringing back the child tax allowance would cost money. A £1,000 tax allowance per child, in effect worth £250 a year for most people, would cost nearly £3 billion. A rather cheaper variant would be to introduce a family tax allowance, a fixed amount regardless of the number of children. It would follow the logic of Tony Newton's change to child benefit by recognising that the costs of having children do not vary enormously by the number.

But whatever structure is chosen, a child tax allowance or family tax allowance could not simply be introduced in the next budget. It is, rather, a policy to be implemented gradually over several budgets in the next Conservative administration.

There are two ways of achieving the objective. First, it could replace the long-term aim of a 20% rate of income tax. Instead of giving tax cuts to all earners regardless of their circumstances further cuts could benefit only those responsible for bringing up children. As a political commitment this combines the virtues of reducing the tax burden together with an appeal to social responsibility: a more attractive proposition to most electors, perhaps, than a simple cut in the basic tax rate.

Married couples without children do disproportionately well out of the present tax and benefit system. That is why since 1979 the incomes of households constituted of two adults have grown more than twice as fast as those of households constituted of two adults and two dependent children. Another way of financing the child tax allowance would therefore be by adjusting some of the recent reforms in the structure of personal taxation. These perpetuated the tax subsidy to two earner couples which was introduced during the Second World War in order to encourage women into work. We could move instead toward completely independent taxation of man and wife with a child tax allowance — and no extra married couple's allowance. The tax relief would derive from having children rather than from being married. That is a much more rational basis for a tax allowance, because nowadays it is having children rather than getting married which makes the chief impact on the family finances.

Helping mothers with child care

Child Benefit is the best child care voucher

Some groups are pressing for vouchers for child care for working mothers, on the grounds that this best helps mothers with young children to meet its high costs. In effect the state provides free child care through the school system for children after the age of five; and it is argued that it would be a logical extension of this to offer some financial assistance for working mothers when their children are younger. So working mothers would be issued with a voucher to be spent on the child care of their choice. But this seductive idea loses its appeal when analysed more carefully.

First, is the voucher to go only to working mothers, or to all mothers with young children? If the former, then it conflicts with the principle of neutrality advocated in the previous chapter. It would mean that the state was boosting the incomes of two-earner couples who tend to be more affluent and doing little to help the less affluent one-earner couples. Moreover, mothers with young children who do not go out to work want a break from the strains of looking after a young child. So any child care voucher should be available to all mothers.

Then consider what services the child care voucher should be spent on. Mothers make many different child care arrangements. Some are very informal — you look after your neighbour's children for one day and they look after your's the next. Mothers-in-law, distant relatives, friends, create networks of mutual assistance, as the table opposite shows. It would be unjustifiably anti-granny (grandmothers being the most common help used by full-time working mothers).

65% of children of full-time working mothers are cared for by their grandmother, husband or other relation; and 87% of children of part-time working mothers. This shows shows the valuable role that extended families still perform. Other child carers are much more formal and institutionalised, like playgroups and nurseries. If the child care voucher could only be spent on this latter type of child care then it would be biased against the voluntary networks. So the voucher would have to be used for many different services. But if the child care voucher could also be spent on informal care

Arrangements made by full-time and part-time workers for care of pre-School and school age children during term time

Type of Arrangements	Women who make arrangements for pre-school children			Women who make arrangements for school children in term time		
	F-time	P-time	All working	F-time	P-time	All working
Husband	13	50	47	44	63	57
Child's older brother / sister	4	3	4	13	9	10
Child's grandmother	44	24	34	28	24	25
Other relative	4	10	9	12	9	10
Childminder (in his / her home)	23	11	16	7	4	6
Person employed in informant's home	6	2	4	4	2	3
Friend or neighbour on an exchange basis	3	3	3	10	8	9
Day nursery or creche run by employer	3	1	1	-	-	-
" " run by local authority and social services	3	2	2	-	-	-
Private day nursery or creche	3	2	2	-	-	-
State nursery school or class	4	3	4	-	-	-
Private nursery school	1	1	1	-	-	-
Playground	3	3	3	-	-	-
Other arrangements	-	-	-	4	3	3

Source: *Employment Gazette*, February 1990.

then absurd bureaucratic arrangements would occur, impossible to police, in which the child's grandmother (the most common helpused by full-time working mothers) sends an invoice for £20 for looking her grandchild, which the mother then pays with a voucher provided by government.

The only sensible sort of child care voucher is one which goes to all mothers with young children regardless of whether they work or not and which is available to finance all types of child care, even highly informal voluntary arrangements. But for this there is no need for any complicated new voucher system. One simply increases child benefit for the under fives so that it helps all young mothers, giving them the greatest possible choice in what they do with the money. Compared with that approach, any child care voucher is tantamount to a restriction on choice, an attempt to influence mothers' decisions. Historically, Conservatives advocate vouchers as a means of giving people greater choice over the services they consume. A child care voucher has the opposite effect unless it is simply an addition to child benefit for the under-5's.

Tax relief for nurseries?

In the 1990 Budget the Chancellor announced a measure giving an incentive to workplace nurseries — reversing a 1984 Revenue decision and letting the working mother use its services without having to pay tax on it as perk. This measure was welcomed as a modest step towards giving help for working mothers.

But the measure does face problems. First, it appears to break the principle of neutrality by favouring mothers who go out to work over those who choose to stay at home and look after their children. Second, it favours one particular type of child care — that provided at a company's premises — over many other types. Yet the work place nursery is a peculiar type to favour, given that so many mothers prefer to use a local child care facility rather than take their children through a scrum of commuters all the way to and from their place of work. The slope is a slippery one. One can envisage pressure growing to escalate this tax break into other sorts of child care provision, all the time retaining the undesirable feature of being of benefit only to the working mother.

There is one tax measure, however, which would not be open

to these objections. It would help mothers who chose to buy child care whether they go out to work or not. Instead of looking at income tax and perks we should reconsider the VAT regime.

Nurseries are currently exempt from VAT rather than zero-rated because they are regarded as offering health care. So the private provider needs to cover the cost of VAT on supplies, including rent on the premises. They cannot reclaim the VAT. But why should they not be zero rated for VAT?

This would not be a special tax rate to favour a particular sort of child care. Rather, it would remove a tax bias against nurseries — for playgroups, home helps, and child minder services do not suffer this VAT problem.

The regulatory burden on private child care providers¹⁶

There is a good Thatcherite way to help young mothers to enjoy the benefits of child care: one which does not entail special tax breaks or vouchers. It simply involves cutting back on the regulatory burdens facing someone wishing to provide child care.

Take planning permission. Many local authorities have little time for child care, especially if it is private. In Labour controlled areas private providers are asked, more and more, to enter planning gain negotiations in order that the local authority can reserve a number of the places to relieve the waiting lists for social services' nurseries. Such requirements often make the project uncommercial because the price of the remaining places becomes prohibitively high. It is like saying that you can only open a grocer's shop if free food is provided to poorer people in the neighbourhood. It prevents a legitimate commercial enterprise from making the profit which enables it to survive. It disregards the fact that a fully private facility, with no free places at all, still eases the burden on local authority services for young mothers by taking people off the waiting list for a place in a free local authority nursery.

Nurseries currently fall into Use Class D1 and a building carrying another Use Class will require a change of use to be granted by the local authorities. But D1 is generally for state-

16. This section draws on a note by Susan Hay of Susan Hay Associates prepared as background for a CPS discussion with Mrs Angela Rumbold. The author is grateful for her permission to use it.

provided, institutional and non-commercial operations. This is not the nature of modern child care which the Government is asking the market to provide. The change of use from office or retail commercial units should be more straightforward.

A further problem for private child care providers arises if they wish to use a building or part of a building in a residential area. That may often be the homeliest way to look after young children. But neighbours, worried about noise and disturbance, often oppose planning permission. Some Conservative boroughs, who may believe that a mother's place is in the home accept these objections, though often the nuisance may be much exaggerated.

So there are many hurdles to jump before a private provider can open a child care facility. The Department of the Environment should consider whether it can give guidance to local authorities on the regime for planning permission for child care and nursery facilities. This would be of more practical help in creating a range of services for working mothers than any ingenious tax breaks. Indeed, if the supply of private nursery places is restricted, then tax breaks will merely enable providers to charge higher prices. There is no point in acting on the demand side until the supply side has been liberalised.

There are also problems with the burdensome procedures for registering and inspecting nurseries. For a start, the process cannot get under way in tandem with the application for planning permission; it must follow after. Moreover, local authorities are reluctant to give even provisional approval for a nursery on the basis of a written plan — they have to see it in operation. This means heavy start-up costs in advance of any prospect of income. Provisional registration — at the provider's risk — would enable the business to be developed more rapidly and ensure the appropriate standards are met.

There is no uniformity in the detailed regulation by local authority social services departments. Private child care/nursery providers therefore feel that they depend on the whim of this or that local authority or social worker. The space per child required varies haphazardly. Different local authorities set different standards for children to go to private nurseries or playgroups.

Some social workers are supportive - others display the worst forms of petty officialdom - banning packed lunches because of the risk of listeria in one borough, for example.

Social workers have enormous power because they register private child care facilities. Here is an account from Stephanie McKenzie-Hill of her experiences in opening a new nursery clinic:

'When I was setting up my nursery school it took 6 months for the Social Worker to come and see me. She made it quite clear that the state should provide. She encouraged the two local play-groups in neighbouring villages to object to planning permission on the grounds that I would take children from them. She said only mothers with cars would be able to come as my village is small and isolated. She insisted that I must have water play and sand inside. I do think they are both important but it is not easy in a house and I have a sand pit outside and I told her that most of my children had a bath every night and therefore had plenty of water play with mothers who played with them. She wanted more dressing up clothes and to stipulate what toys I should have.'

'I have a trained primary school teacher and a qualified nursery nurse, and I do feel it is not for Social Services to tell them how to teach. I have many parents who would object to their children playing with water and sand all morning. They want them to learn their numbers and letters. In the end I was given permission for six children. It then took me another nine months to get permission for 14. She had even tried to get the fire officer to object to the increase. He came along and said 'I do not know why I have been sent back here as everything is on the ground floor with several outside doors''.'

'One cannot take on any new staff without permission from Social Services because of the need to check for any record of child abuse. Every possible employee has to fill in several detailed forms. But it seems unrealistic if you want to employ someone for one morning a week.'

'One of my social workers did not visit during the term time so came in the holidays when I was out, walked round the house and asked my temporary nanny all sorts of questions about the school. They have arrived at the houses of my teachers unannounced to check how they live. If I came under DES regulations (i.e. if I had five or

more children over five) HM Inspectors would not visit houses of teachers. If I had not previously been a councillor I do not think I would have persevered.'

'Some of the National Children's Bureau's draft guidelines for good practice which are about to be adopted by the DHSS will be difficult for small schools. Staff lavatories are going to be required because of the risk of cross infection. (Do you use the same lavatory as your child?) Also a staff room for breaks. I am not sure who looks after the children during the staff break! I have a dog, two cats, hens, ducks and geese. I am sure they will be banned soon.'

'There is no doubt that the regulations are increasing. Of course we do need standards but social workers must be more flexible. I in fact would much prefer to be inspected by the DES, as I consider myself to be an educational provider (but of course Day Nurseries are not).'

The Department of Health, which has ultimate responsibility, is trying to improve things. The new Children Act (1989) provides for a maximum period of six months between application and receipt of registration. The registration procedures, on which the Department is now consulting, should be made as liberal as possible. They constitute an indefensible burden on small business — which will stifle the expansion of private child care sought by the Government.

The underlying problems are political. Any politician is tempted to say that they favour both more child care, and child care of the highest quality. But the truth is that the more one tries to control child care to ensure it is the highest quality (in the eye of the local Social Services Department), then inevitably the more expensive it is and the more restricted the supply.

Conclusion

Young mothers face heavy and conflicting demands. They are urged to stay at home to look after their young children. They are urged to go out to work to solve a demographic crisis. They have to do most of the housework because men all too seldom help out. If they are single parents they may not wish to stay so — but find that in their area the marriageable pool of men with regular well-paid employment is shrinking. They see how family incomes rise much more slowly than those of people without children. On top of all this they are often exhausted because of the incessant demands, day and night, of their young children.

Public policy should not add further to these intense pressures. Indeed the most important single objective of a Conservative family policy must be to alleviate them. That means shifting the burden onto other groups in society. Hence the proposals outlined in this pamphlet for a higher rate of child benefit for the under fives, for a return of child tax allowances, and for lightening regulations in order to have more providers of care, at lower cost. But there are other measures, too, which can help to shift the burden from young mothers.

Public policy can only do so much to influence families' behaviour. Every Conservative is well aware of that. Indeed one of the reasons why Conservatives believe in the family is precisely because it is independent of the state. Nevertheless, this pamphlet has identified a series of policy measures which could alter the environment, especially for mothers with young children, so as to make life less onerous for them. The four major proposals which the Government should consider are:

- (i) a higher rate of child benefit for children under five, since these are the years when families are under the greatest financial pressure. This could be financed by *not* uprating child benefit for older children;
- (ii) introducing a child tax allowance or a new family tax allowance which could be financed either by ending the special married couples' allowance — or constitute an alternative pledge to the current commitment to a 20 pence income tax rate;

- (iii) replace VAT exemption for nurseries with zero rating; and
- (iv) easing the regulatory burden on private child care providers and nurseries, particularly so that it becomes easier to get planning permission;

This is a substantial agenda which should command widespread support in the Conservative party — and beyond.

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