How bad policies institutionalise economic dependency in couples

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Credit: University of Bath

How would you feel if, by living with your partner, you lost your financial independence and were obliged to ask him (or her) for money? What if you had children but your partner was not your children's father? This was the situation facing Nina, a 46 year old lone parent with three children I interviewed in 2013 as part of a qualitative study of partnering behaviour among 51 low-income mothers living in the North West of England. Employed part-time as a family liaison worker, Nina faced the unpalatable prospect of losing her Working Tax Credit and Housing Benefit if she started to cohabit with her new partner. In her circumstances, what would be the responsible thing to do – to throw caution to the wind by moving in together, hoping your partner would financially support you and your children? Or would you opt instead to live separately, allowing you to retain your financial independence? Like many of the low-income mothers in my research, Nina fashioned a compromise which did not entail the loss of income and control of the household finances; she delayed officially declaring her partner was living with her until she was working full-time and earning above the threshold for state financial support. Nina was not alone in challenging the indiscriminate way in which welfare rules force mothers like her into financial dependency. "[My new partner] hadn't played a part in the children's lives up to that time … so I thought it was unfair that we would be considered to be cohabiting in a way that meant he was responsible for providing for me and the children … That's not to diminish [his] relationship with [them]… [but] I don't consider him their father and nor does he, so why should he be responsible for them financially?"

But what if, as the research also found, this 'living apart together' arrangement was deemed by the authorities to be 'marriage-like,' and you were investigated for 'failing to disclose a partner'? Fear of being criminally prosecuted forced Lorena's hand. A 38 year old divorcee with an eight year old child, when Lorena's partner began staying over more frequently she faced two equally unenviable alternatives - whether to continue claiming as a lone parent and risk being prosecuted for benefit fraud, or ending her claim and asking her new partner to financially support her. "I felt that they're putting me in a position now where I have to be dependent on someone who really was not supporting me financially … but ... we're not married, he was not responsible for me or [my child] … How can I just say, 'actually ... can you give me money?' ... It would destroy, not build a relationship … How badly as a woman you would feel … It's a little bit like prostitution isn't it?" Caught between the rock of potential criminal prosecution and the hard place of enforced financial dependency, her dilemma apparently resolved when she became pregnant and went on to marry her partner. However, having given up her job to care for her new baby, she remained deeply ambivalent about being financially dependent on her new husband, a situation made worse through having also lost entitlement to Child Benefit, her only independent source of income.

There was to be no happy ever after for others in my research. Imperfect understanding of welfare rules led many mothers in this study to believe that they would remain legitimate claimants if their partner stayed over no more than three consecutive nights a week. But as Hattie found to her cost, there is no such rule. A lone mother with a four year old child, though her partner was stationed abroad and provided no financial support, she was found guilty of failing to disclose a partner, electronically tagged and required to repay £20,000, a monumental sum she was struggling to chip away at a little at a time from her benefits.

Whether 'lifestyle choice' or 'Hobson's choice,' this invidious set of alternatives requiring either dependency on a partner or dependency on the state is often the context in which low-income couples reliant on benefits or tax credits are obliged to conduct their intimate relationships and make decisions about partnering, family formation and living arrangements. The dilemma arises because of two poorly understood aspects of the UK welfare system - the 'Living Together as a Married Couple' (LTAMC) rule and closely aligned system of family-based means testing. Using an interpretation of cohabitation as 'marriage-like,' outdated notions of breadwinning and financial support obligations in couples and the (often fallacious) assumption that couples who live together pool and equitably distribute their income, under these rules, couples who share the same household have no independent right to access state financial support; if eligible for help, they must claim benefits or tax credits jointly. But here's the rub – only one person is eligible to claim. Although this can be either member of the couple, women's typically lower earning potential and greater responsibility for childcare, together with stringent job search conditions attached to claiming unemployment benefits, mean that in couples with dependent children, the woman is rarely the claimant. And although couples can currently opt to pay certain benefits to the non-claiming partner, there is no legal obligation on the person in receipt of the benefits or tax credits to transfer any part of the payment to his or her partner. Furthermore, as my research showed, inequalities of power and financial control within couples mean than, even if payments were made into a joint account, there was no guarantee that both individuals had independent or equal access to the money.

More troubling than this for the mothers in my research was the fact that entitlement for benefits and tax credits is assessed against the combined income and earnings of the couple. When a low-income mother starts to cohabit (or marries), she therefore potentially loses not only an important source of income, but if she has no or very low earnings, she risks losing her financial independence altogether. In this context, who was earning, who was entitled to claim benefits and tax credits, who received payment, how household income was accessed and shared between the members of a couple and on what and whom the money was spent, came sharply into focus. The focus was particularly keen for cohabiting couples because, unlike spouses, cohabitees are under no legal obligation to financially support one another. For lone mothers the focus was keener still, particularly if her partner was not the biological father of her child or children.

A favoured trope of the tabloids and a perennial target of welfare reform, the single mother incentivised to maximise her benefit and housing entitlement by concealing the presence of a partner or 'pretending to separate' is a powerful and persistent narrative. By unpicking the complexities of the regulatory and administrative aspects of the welfare system, my research found that, contrary to popular discourse, it was the extent to which mothers were able to exercise financial autonomy in different partnership and household configurations that was most influential in decisions affecting family structure and living arrangements. Whereas the aspects of welfare which facilitated a mother's access to an independent income served mainly to strengthen couple relationships and encourage family formation, those which enforced financial dependence on a partner were apt to de-stabilise relationships and discourage cohabitation. Out of step with modern-day relationship norms and liable to reinforce gender inequality inside the household, by obliging the members of a couple to be financially dependent on each other, joint means testing and the LTAMC rule therefore acted as a significant deterrent to family formation and repartnering.

The findings give lie to simplistic and stigmatising discourses suggesting that some women 'choose' to become lone mothers or 'pretend' to separate in order to become eligible for higher levels of state financial support. Against the backdrop of a welfare system which removes an individual's independent right to claim if they live with a partner, resisting dependency by retaining a regular and reliable source of income over which they had a meaningful degree of control was a more compelling driver of mothers' behaviour than financial gain. Ceding responsibility for safeguarding the family's financial well-being to a new or precariously employed partner was seen as a particularly risky arrangement. Even when her partner was the biological father of her child, the creation of a financially and emotionally stable household for raising children was a mother's primary concern - better to withstand the challenges of lone parenthood than become financially dependent on an unreliable male 'breadwinner' or on a new or unproven partner.

Such unintended outcomes of welfare rules have important implications for welfare reform. Universal Credit (UC) which is being rolled out nationally in phases, amalgamates six means-tested benefits into a single, monthly payment. The LTAMC rule and a similar system of family-based means testing continue to underpin UC, but in a significant departure from legacy benefits, the monthly UC award will be made in the form of one lump sum per couple transferred into an individual or joint bank account. Couples can choose into which bank account the money will be paid, but they can no longer opt to have the payment split between the partners. Findings from this research suggest that both for lone parents and for married and cohabiting couples struggling to stay together under conditions of economic austerity and reducing welfare payments, switching to a single, monthly payment regime could create an added burden of risk in terms of family formation and relationship stability.

In showing that the aspects of welfare which institutionalise economic dependency in couples can undermine relationship stability and deter cohabitation, the findings from this research strengthen arguments in favour of reforming the social security system in ways which increase the financial independence of women and men living in couple households. Options for achieving this are many and varied. Disaggregation - operating the welfare system according to the same principles of equal and independent treatment as the income tax system - would cancel out many of the disincentive effects to family formation and repartnering highlighted in this research, but is expensive. A fiscally neutral but more modest alternative would be to equally divide or allow couples to split the payment of UC. Increasing the earnings disregard for second earners in couples would be less costly but fails to address the underlying assumption of financial dependency in couples. At the other end of the spectrum is Universal Basic Income (UBI). The advantage of UBI over simply individualising welfare eligibility or entitlement is the wholesale elimination of means testing and work conditionality, thereby removing all incentive and disincentive effects to partnership formation and dissolution, as well as to paid employment by either partner in a couple. However, in the current political and economic climate, the prohibitive cost to the public purse is likely to remain a serious obstacle.

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