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## Background

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The two-child limit for Universal Credit and Child Tax Credit was announced by the Conservative government in the 2015 Summer Budget, as part of their efforts to reduce government spending on social security. Under this policy, enacted in the Welfare Reform and Work Act 2016, families are no longer eligible for means-tested benefits for their third or subsequent children, for all those born after 6 April 2017 (with some narrow exceptions). The loss of income for those families affected by the policy is substantial, amounting to up to £3,235 per child in 2023/4. Approximately 1.5 million UK children live in those 10% of families whose income is affected by the two-child limit.

The imposition of the two-child limit has led to an increase in poverty among larger families, with the Resolution Foundation estimating that approximately half of families with three or more children were living in poverty by 2021/2, up from a third of such families living in poverty in 2012/3. The Child Poverty Action Group estimates that 1.1 million children from larger families are living in poverty in Britain, and argues that abolishing the two-child limit would be the single most cost-effective way of reducing child poverty.

The two-child limit has been widely condemned by charities, NGOs, and researchers. At the time of its introduction, Jonathan Bradshaw, Emeritus Professor of Social Policy at the University of York, and one of Britain's leading experts on poverty and social security, described the two-child limit as “the worst social security policy ever”. Speaking in the House of Lords in December 2023, Archbishop of Canterbury Justin Welby urged the

government to scrap the policy. The Archbishop argued that, given that “the unfair penalty applied to additional children affects their educational outcomes, their mental and physical health, and their likelihood to require public support from public services later on”, there is a moral duty on government to reverse the policy.

In 2021 the UK Supreme Court found that the policy directly discriminated against children in larger families, while nevertheless upholding the policy as lawful given the government's aim of “protecting the economic well-being of the country”. On the Supreme Court's view it is a political question to be decided by parliament whether a form of unfair discrimination that targets children can be justified on grounds of supposed general economic benefit. The political context coming into the 2024 election is one where both main political parties are supporting the policy, despite the fact that in 2019 the cross-party Works and Pensions Committee took the highly unusual step of recommending that the policy should be abandoned. Although Labour contested the 2017 and 2019 elections on a policy committed to abolishing the two-child limit, Keir Starmer stated in July 2023 that Labour would not include a reversal of the policy in its next election platform. That same month Starmer emphasised, in an appearance at a conference hosted by the Tony Blair Institute for Global Change, the need for Labour to be “really ruthless” in making “tough choices” such as retaining the two-child limit. The Liberal Democrats, the Green Party, the SNP, and Plaid Cymru are all in favour of reversing the policy.

## Appeals to fairness in defending the two-child limit

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Issues of fairness go to the heart of the discussion on the two-child limit. The policy's critics point to the unfairness involved in discriminating against children in large families, as outlined in the Supreme Court judgment mentioned above, but defenders of the policy also appeal to an idea of fairness in justifying the policy. The idea here is that households on means-tested benefits should “face the same financial choices about having children as those supporting themselves solely through work” (House of Commons Library Research Briefing 2024).

It is worth interrogating this appeal to fairness in some detail. The idea is that choices regarding family size are difficult and financially significant for many families, whether or not they are in receipt of Universal Credit or other benefits. The normative idea here appeals to a potential source of comparative unfairness, and to the sense that people should take responsibility and then bear responsibility for their own life choices. The central imagined case is that of the hard-working couple who decide against having a third or subsequent child for financial reasons, and who then feel that they have been treated unfairly when they see that another family is able to support a third or subsequent child in part through receipt of Universal Credit. Hence a policy that reduces state support for larger families is purportedly justified in two ways: both as a way of reducing this comparative unfairness between the hard-working and the indolent, and as a means for incentivising people to take responsibility for decisions relating to the size of their families and their employment status.

The appeal here to ideas of fairness and responsibility in justifying the two-child limit is nevertheless unpersuasive. For a start, 59% of claimants affected by the two-child limit are classified by the DWP as being ‘in work’. Rather than supporting those who do not work, Universal Credit is more often a form of support for low-paid workers. In addition, of those in receipt of Universal Credit who are not in work, generally this is because the family are affected by illness or disability, or because a parent is a full-time carer to another family member with illness or disability.

The appeal to fairness made by the defenders of the two-child limit seems to depend on a model of thinking about the social security system that imagines a population split into the virtuous and hard-working, on one side, and the feckless and indolent on the other. But in reality there can be many life events that would mean that those who did not previously rely on Universal Credit come to need it. A family might have been in a position to support their children without recourse to Universal Credit, only to face unexpected circumstances that change their financial situation for the worse – whether due to a parent losing their job, or a family member becoming ill or seriously disabled, or due to relationship breakdown, divorce or bereavement. A picture of the social security system that stresses unfairness between those who are in receipt of benefits *at any one time* and those who are not loses sight of the fact that such a system provides a form of social insurance and social protection, because none of us know when our circumstances might change in the future.

## Does the two-child limit work on its own terms?

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As described above, one purported justification for the two-child limit appeals to the avoidance of a certain kind of comparative unfairness; another line of argument appeals more to the expected *consequences* of a policy that is designed to make parents think more carefully about family size and their financial situation. The idea here would be that, by encouraging personal responsibility, the two-child limit should give families incentives either to reduce their fertility or to increase their incomes through work, or both.

A large study on *Benefit Changes and Larger Families* undertaken by researchers from the London School of Economics and the Universities of Oxford and York, and funded by the Nuffield Foundation, has found that these consequences have not materialised. Employment rates among parents within larger families have not significantly changed since the introduction of the two-child limit, and indeed the policy has frequently generated counterproductive effects. In many ways this is unsurprising, given that those with caring responsibilities will often find it difficult either to enter the labour market or to increase their working hours, given the logistical difficulties of combining work with childcare, and the very high costs of childcare provision. These issues are especially severe for those with a lower level of earning power within the economy, who will disproportionately be those in receipt of Universal Credit.

As the Nuffield Foundation report shows, counterproductive effects of the policy are of two main kinds: firstly, the financial hardships endured by those caring for larger families can make it difficult to afford the costs of entering paid work, such as interview clothes, transport to work and childcare. In this way, the two-child limit can generate a distinct kind of poverty trap for parents of larger families. Secondly, there is extensive evidence of negative effects on parents' mental health caused by increased

financial precarity. These impacts on mental health make it more difficult to enter the labour market or to sustain paid employment, while also having a negative knock-on effect on the emotional wellbeing of children in the family.

Similarly, the apparently intended effects in terms of fertility and family size (in themselves legally problematic motives) have also been negligible. Again, this is unsurprising when one considers the complexity of real lives when we move away from an excessively abstract model of decision-making with regard to family size. As outlined above, the two-child limit would be unlikely to have its intended effects in cases where a family were in a more comfortable financial situation at the time of deciding to have a third or subsequent child, and only found themselves in straitened financial circumstances later, due to disability, unemployment, relationship breakdown, or the illness or death of a family member. And in reality of course many pregnancies can be due to failed contraception (45% of UK pregnancies are unplanned), or can happen in the context of abusive or controlling relationships, rather than being the outcome of a rational decision-making process. Moreover, most parents of larger families only become aware of the details of the Universal Credit system at the point where they need to make a claim, rather than at the earlier points where they are making decisions that will determine their future family size. On top of these considerations, there are a number of religious communities for whom it is a fundamental tenet of their religious belief that it is impermissible to limit family size for financial reasons, and it would not be surprising that among such groups fertility would not be sensitive to changes in the benefit system.

We should conclude therefore that, just as the 'comparative fairness' argument for the two-child limit fails, so too does the more consequentialist argument that would turn on the policy's imagined incentive effects.

## Multiple forms of unfairness in the two-child limit

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While the case in favour of the two-child limit seems fragile and unpersuasive, the case against the policy is overwhelming. To take one further line of objection, the two-child limit introduces a seemingly random and unjustifiable form of unfairness between children in large families whose third or additional siblings were born after April 2017 and those born before. Moreover, as the Supreme Court found in its 2021 judgment, the policy introduces a form of indirect discrimination against women, who are more likely than men to have caregiving responsibilities. And, as families from some ethnic and religious communities are more likely to be affected by the policy, the two-child limit can also be seen as involving a form of indirect discrimination against these groups.

Beyond these points, though, the most fundamental case against the policy is closely connected to another point admitted in the 2021 Supreme Court judgment: that the policy is directly discriminatory against children in larger families. When the state refuses to provide a benefit to a family that takes account of *all* of the children in that family, it is in effect saying to the third and additional children that they matter less, indeed that they do not count *at all* in crucial respects, in relation to how the state will treat them. This is a basic failure of *equal concern and respect* from the state towards hundreds of thousands of its younger citizens.

This unfair discrimination against children in larger families is especially troubling given that it is simply due to the fact that they have two or more siblings – something which is obviously entirely out of their own control. Moreover, the two-child limit negatively impacts all children in the household, not just the third or subsequent child. The policy of the two-child limit thereby directly imposes forms of hardships on children in large families in a way that seems arbitrary

from a moral perspective: it predictably reduces their well-being and life-chances simply due to facts about their family situation for which they themselves are obviously not responsible.

A deep problem with the two-child limit is that it simply fails to take seriously the needs and entitlements of children themselves, rather than treating those children's wellbeing as pivotal. In looking to achieve policy ends of reducing social security expenditure, or incentivising more 'responsible' behaviour among parents, the policy treats the children themselves as mere means to an end, rather than as independently important members of the broader political community. The supposed justifications for the two-child limit gesture towards ideas of reciprocity and fairness regarding different groups of parents, but only at the cost of completely abandoning any conception of justice or reciprocity when concerned with the affected children themselves. It is a policy that not only could not be reasonably justified to the people most substantively harmed by it – that is, the children in larger families who will, after all, be future democratic citizens of the country and future participants in the economy – but which does not treat them as having any real significance at all. It looks to justify real material harm to some of the most vulnerable people in society, and does so in a way that treats them with an absolute lack of respect.

Related to this underlying problem with the policy, the two-child limit is a vivid example of the terrible harms of short-term political and economic thinking. Child poverty is not just a disaster because it wrecks the emotional and mental wellbeing of families as they are now, or because it reduces the current educational attainment of affected children, but also because it stunts the long-run life chances of those children, and has broader intergenerational impacts. Child poverty is

associated with health problems later in life, with behavioural problems, and with reduced longer-run educational attainment. Enacting policies that predictably drive-up rates of child poverty, as the two-child limit manifestly does, not only directly wrongs the children and families who bear the brunt of these policies, but has the further effect of generating social costs that are pushed into our future.

The Supreme Court in its 2021 judgment allowed that, although the two-child limit was directly discriminatory against children in larger families, it was nevertheless a matter of political judgment as to whether this form of unfair discrimination could be justified given the

competing aim of advancing “the economic well-being of the country”. But this is clearly a false dichotomy. A policy that saves money from current budgets through generating social problems that will ramify in their consequences for decades to come, generating new social costs and undermining the longer-run productive potential of the economy, does not offer a way of advancing “the economic well-being of the country”, but rather provides a foolish and unjust way merely to seem to be doing something of public benefit. Again, the policy fails not only in terms of its direct unfairness, but also in terms of its long-run consequences.



## The resurgence of child poverty and the troubling survival of a deeply unfair policy

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The multiple and mutually reinforcing reasons why it is wise for a society to address child poverty used to be well understood within British politics, as when it seemed that New Labour's focus on reducing child poverty had forged something of a new cross-party consensus. The [2010 Child Poverty Act](#), strongly championed by Gordon Brown, had enshrined in law the aim of eradicating child poverty by 2020. Instead, four years after that missed target, we are seeing child poverty relentlessly increasing again (and rising faster than any other OECD country). But with both main parties going into the next election supporting the two-child limit on Universal Credit, it seems that we as a society are moving backwards on the most basic matters of child wellbeing, and on the most basic understanding of fairness and social justice.

Alongside this seeming reversal among the political class in adherence to basic understandings of fairness, there is also the troubling finding that the two-child limit enjoys a high level of public support. A [July 2023 YouGov poll](#) reported that 60% of the British public said that they were in favour of keeping the two-child limit. Interestingly, levels of support for the two-child limit did not seem to vary substantially by gender or social class, although there was a strong correlation with age, with those aged 65+ most in favour of the limit (with 70% support), and those in the 25-49 age group – the age-groups most likely to be looking after dependent children -- with a much lower level of support (although it was still positive at 54%). Presumably it is this kind of polling that stands behind Keir Starmer's abandonment of Labour's longstanding policy commitments on reducing child poverty, which involves a break by Starmer not only with policy under Corbyn and Miliband, but also a break with the central commitments made by Brown and Blair.

Campaigners who want to see the end of the two-child limit clearly have a significant task in not only winning the policy argument but also in trying to change public attitudes. One issue, of course, is that there is a chicken-and-egg problem with regard to the role of politicians and the relation between political advocacy and prevailing public attitudes. It may be unsurprising that there is widespread public support for the two-child limit when even the leadership of the main opposition party refuses to offer principled arguments for the importance of rejecting the policy and thereby urgently addressing issues of child poverty.

This report shows that there is a broad range of arguments that can be deployed against the two-child limit. The policy is unfair in multiple dimensions, while also being a policy that has manifestly failed even on the terms by which it is supposedly justified, and carries with it a range of further negative consequences. Moreover, even the weak lines of argument that might be offered in its defence fall away when one shifts framing in how one thinks about the wider system of social security. Once we think of the welfare state and our systems of social security as a form of collective insurance against the many misfortunes any of us or our families could face – illness, death, disability, unemployment, and the breakdown of relationships – it becomes grotesque to favour a policy that would knowingly plunge a family into poverty because of a purported lack of foresight or responsibility of some of its members. And once one sees child welfare not only as a matter of *current* fairness in distribution, but also as a precondition for having a future flourishing society, then it will seem completely unacceptable to endorse any policy that would treat child deprivation simply as a price worth paying, or a means to an end, in incentivising 'responsible' behaviour.