

## [Giving Osborne the benefit of the doubt](#) [1]

Written by [Sam Bowman](#) [2] | Wednesday 6 October 2010



I went on Radio 5 Live on Monday night to discuss the government's proposals to remove child benefit for people earning in the high income bracket last night, which you can listen to [here](#) [3]. My overall point was simple, and a repetition of my post on Monday: cuts in benefit have to be made, and it is right that the first cuts be made in welfare payments to the richer sections of society. If there is a welfare safety net, let's target it to the people most in need.

I was bewildered to hear the head of the [Child Poverty Action Group](#) [4] arguing against this. Although the lives of people earning over £44,000 a year are often hard, nobody could call that poverty when the average wage in the UK is closer to £26,000. As I said on the radio, I think that a lot of the arguments against these cuts coming from groups like the CPAG are strategic ? they are aimed at protecting the welfare state by fighting any effort to roll it back, no matter how sensible. This sort of ideological opposition to cuts in any form are wrong. We have to be pragmatic.

Most of the callers were concerned about the fact that couples where both families work and earn less than £44,000 each will still get the benefit. They are absolutely right to be angry ? it's ludicrous that families bringing in up to £88,000 a year are receiving government benefits, and I hope that the Treasury finds a way to cheaply avoid this situation. Means-testing would likely cost a prohibitive amount, reducing some of the savings that will be made ? there is no point in cutting off your nose to spite your face in the interests of 'fairness'. As I said last night, the real issue here is whether it's just for people with children to be given welfare paid for by taxes on people poorer than them, on childless people, and on pensioners.

The caller whose point most resonated with me was Matt, who spoke about the difficult job and long hours he works for his family. Once he's worked long enough to be on the higher rate of tax, after tax, national insurance and pension deductions he only takes home around 40p out of every pound he earns. In other words, the taxation is so high in Britain that it's generally not worth his while to keep working once he reaches the higher tax threshold. This hurts him and his family, and reduces the amount of money taken in by the Exchequer. But Matt's case isn't an argument for higher benefits for people like him: it's an argument for lower, flatter taxes.

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