

## The fertility effects of the two-child limit: Executive summary

Mary Reader, Jonathan Portes and Ruth Patrick

### Summary

The two-child limit restricts child-related social security support to the first two children in a household. It aimed to “to ensure that families in receipt of benefits faced the same financial choices about having children as those supporting themselves solely in work”. This research set out to explore how the policy (in operation since April 2017) has affected fertility of third and subsequent births. Using quantitative methods, we find the policy led to only a small decline in fertility among those households directly affected. This implies that the main impact of the policy has been to reduce incomes among larger families who are already living on a low income, and hence to increase child poverty.

### Context

In 2015, then Chancellor George Osborne announced the introduction of a ‘two-child limit’ on benefits in the UK: for all children born on or after 6 April 2017, no child element of child tax credit or Universal Credit is paid if the household already has two or more children ([a small range of exemptions apply](#)). While this policy formed part of a wider programme of benefit cuts, it also had another objective: to incentivise greater personal ‘responsibility’ about fertility decisions among families on low incomes. [Osborne](#) claimed that the aim of the policy was “to ensure that families in receipt of benefits faced the same financial choices about having children as those supporting themselves solely in work”.

Implicit in this justification was the view that financial incentives affect fertility decisions; this was clearly acknowledged in an [impact assessment](#) by the Department for Work Pensions of the policy: “In practice people may respond to the incentives that this policy provides and may have fewer children.” This drew on [research](#) which suggested that increases to social security benefits for low-income families with children during the 2000s had resulted in increases in fertility among those most affected.

This raises the question of whether the two-child limit reduced the overall fertility of third and subsequent births in the UK. Survey evidence from the [British Pregnancy Advisory Service \(BPAS\)](#) found that 57 percent of women who were likely to be affected by the two-child limit said it was a relevant factor in their decision to have an abortion; but this is not

a random sample and in itself cannot show the actual impact of the policy across the wider population. Our new research uses quantitative methods to investigate whether there is causal evidence that the two-child limit reduced fertility across the whole population of those affected by the two-child limit.

## Methods

In order to isolate the impact of the policy, we need to control for other, more general social trends that impact fertility. We do this using a methodology called a ‘triple differences’ (or ‘difference-in-differences-in-differences’). We divide adult women of childbearing age into those who are on benefits (or are likely, given their socio-economic status, to be on benefits) or not; and those who already have two or more children or not. Using administrative birth records for all registered births in England and Wales from 2015 to 2019 and the Annual Population Survey, we track over time the probability of having a child for four different subgroups. We then compare these probabilities in the period prior to the two-child limit and the period after the two-child limit, and look at how fertility changed among the four groups.

By comparing those on benefits with those who are not, we can allow for differential fertility trends between poorer women and others; and by comparing those with one or no children with those with two or more, we can allow for differential fertility trends between women with different family sizes. Taken together, this enables us to estimate the causal impact of the policy on the fertility of third and subsequent births among low-income women. We use various approaches in this analysis: for more detail see the full working paper here.

## Findings

Overall, our analysis indicates that the two-child limit had a measurable, but relatively small, impact on the number of births to affected families. Figure 1 charts the probability of having a child for each of our subgroups over time: there is an observable decline after 2017 in the probability of women in low-income occupations, who already had two or more children (and hence are potentially impacted by the two-child limit), of having a subsequent child. Table 1 details these probabilities and shows how the triple difference estimate is calculated.

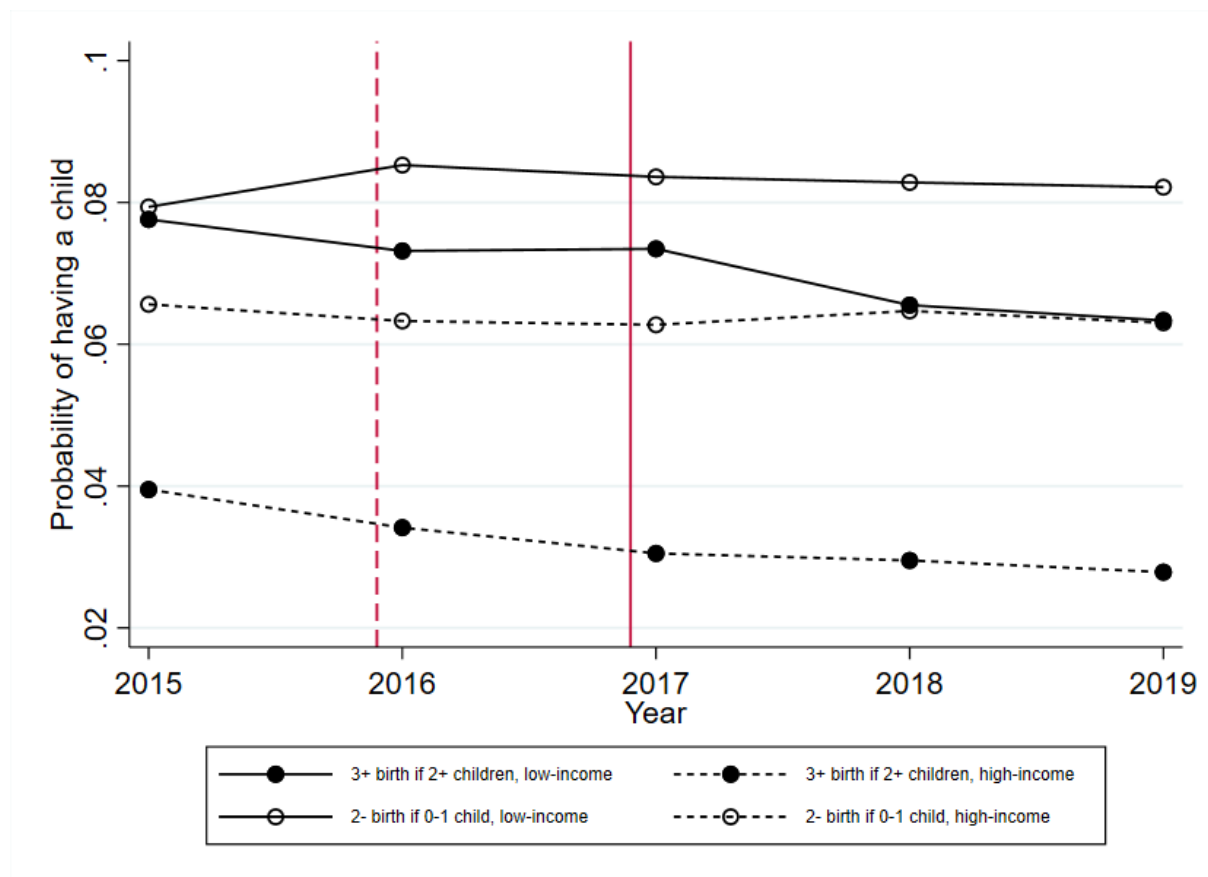
Our preferred estimate, taking account of the differential trends described above (which are not the result of the two-child limit) suggests that the probability of having a third or subsequent child **declined by**

**0.36 percentage points (or 5 percent)** after the reform. This suggests that the two-child limit has led to a decline in the number of third and subsequent births of approximately **5,600 a year**, just under 1 percent of total annual births in England and Wales.

*Table 1: Probability of having a child by family occupation, family size and year*

Year	Low-income occupations		High-income occupations	
	2+ children	0-1 child	2+ children	0-1 child
2015	0.0776	0.0395	0.0794	0.0656
2016	0.0732	0.0342	0.0853	0.0633
2017	0.0735	0.0305	0.0836	0.0628
2018	0.0655	0.0295	0.0828	0.0647
2019	0.0634	0.0279	0.0822	0.063
Pre (2015-16)	0.0754	0.0368	0.0823	0.0645
Post (2018-19)	0.0645	0.0287	0.0825	0.0639
First difference	-0.0109	-0.0081	0.0002	-0.0006
Second difference	-0.0028		0.0008	
Third difference	-0.0036			

*Figure 1: Probability of having a child by low-income occupation, family size and year, 2015-2019*



This is a much smaller effect than one would expect given existing evidence on welfare and fertility. The most closely related [research](#) to our own, based on the impact of benefit increases in the early 2000s, suggests that increases in child-related benefits lead to relatively large increases in fertility – approximately 3 times as large as our estimate. By contrast, our results suggest that a large cut to child benefits led to at most a small impact on fertility. How can this be the case?

Understanding the reasons for this is beyond the scope of this research. However, qualitative research by our sister project, [Benefit Changes and Larger Families](#), suggests that lack of information about the policy may be a factor. Approximately half of participants affected by the two-child limit did not know about the policy before having their affected child (Patrick & Andersen, forthcoming). If families don't know about the policy prior to pregnancy, fertility effects are unlikely. As the policy 'beds in' and more families become aware of it, the fertility effects may increase.

However, it is also possible that high-fertility families in the UK are less responsive to negative financial incentives. The two-child limit [disproportionately](#) affects orthodox Jewish and Muslim families, who may have religious or ethical views on family size, contraception and abortion which make a fertility response less likely. Several of the affected families in the qualitative study had religious beliefs which meant that they said the two-child limit didn't impact on their conception decisions (Patrick & Andersen, forthcoming). This naturally limits the extent of the fertility response.

We also know that the two-child limit withdraws significant economic resources from families living on a low-income – approximately £2845 a year per child beyond the second. There is [evidence](#) that this is having a significant effects on the wellbeing of families, including their mental health. This is likely to have negative impacts on choice and agency, which may in turn lead to reduced access to contraception and less interaction with health services, all of which could potentially increase fertility and therefore counteract some of the downward pressure on fertility.

Finally, the UK is living through a period of low fertility, in which, on average, people would like to have more children than they have. Within this context, it is plausible that while benefits increases (such as those during the 2000s, examined by Brewer et al [here](#)) enable families to realise their preferences to have more children and thereby increase fertility, benefit cuts (such as the two-child limit) do not have as large an

effect, because people are already have fewer children than they would like, and fertility preferences are relatively 'sticky'.

### Policy implications

Our research suggests that the two-child limit is not leading to major reductions in fertility. On one level, this is a good thing: there is a persuasive case to be made that it is unethical ([if not unlawful](#)) to interfere with reproductive decisions by punishing families for having more children. However, the limited fertility effects have concerning implications for child poverty. In the absence of a behavioural fertility response to the policy, the main function of the two-child limit is to deprive families living on a low-income of approximately £3000 a year. This will inevitably lead to dramatic increases in child poverty among larger families. This comes on top of existing and dramatic increases in child poverty among larger families due to social security cuts over the last decade. Since 2013/14, [child poverty](#) among larger families has risen dramatically; almost half of all children living in families with more than 2 children are in poverty . Indeed, recent [research](#) by the [Benefit Changes and Larger Families study](#) shows that most of the recent rise in child poverty overall has been driven by rising poverty among larger families. Our results suggest that this will be worsened considerably by the two-child limit.

This will have significant implications for the wellbeing of larger families, including parents and children. This is emerging from the evidence being generated by the [Benefit Changes and Larger Families](#) project: the two-child limit has a direct and negative effect on the ability of families to make ends meet and to afford basic essentials for their children. Given the [strong evidence](#) that poverty and income have a direct causal effect on children's outcomes, this is likely to have negative effects on children's cognitive development, health and wellbeing.

A final policy implication of our research is that it cannot simply be assumed that doing the opposite of a policy will produce opposite effects. In the case of the two-child limit, the government cited evidence that increasing benefits led to increases in fertility and assumed that the policy might lead to equivalent decreases in fertility. Yet our research suggests that these effects were much smaller than the existing base would suggest. This demonstrates that policymaking needs to be based on causal evidence specific to the policy in question, as effects can be sensitive to context.

*The full research paper can be found [here](#).*

*This work was produced using statistical data from the Office for National Statistics. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates.*

*This research was funded by the Nuffield Foundation is an independent charitable trust with a mission to advance social well-being. It funds research that informs social policy, primarily in Education, Welfare, and Justice. It also funds student programmes that provide opportunities for young people to develop skills in quantitative and scientific methods. The Nuffield Foundation is the founder and co-funder of the Nuffield Council on Bioethics and the Ada Lovelace Institute. The Foundation has funded this project, but the views expressed are those of the authors and not necessarily the Foundation. Visit [www.nuffieldfoundation.org](http://www.nuffieldfoundation.org)*