



Marshall  
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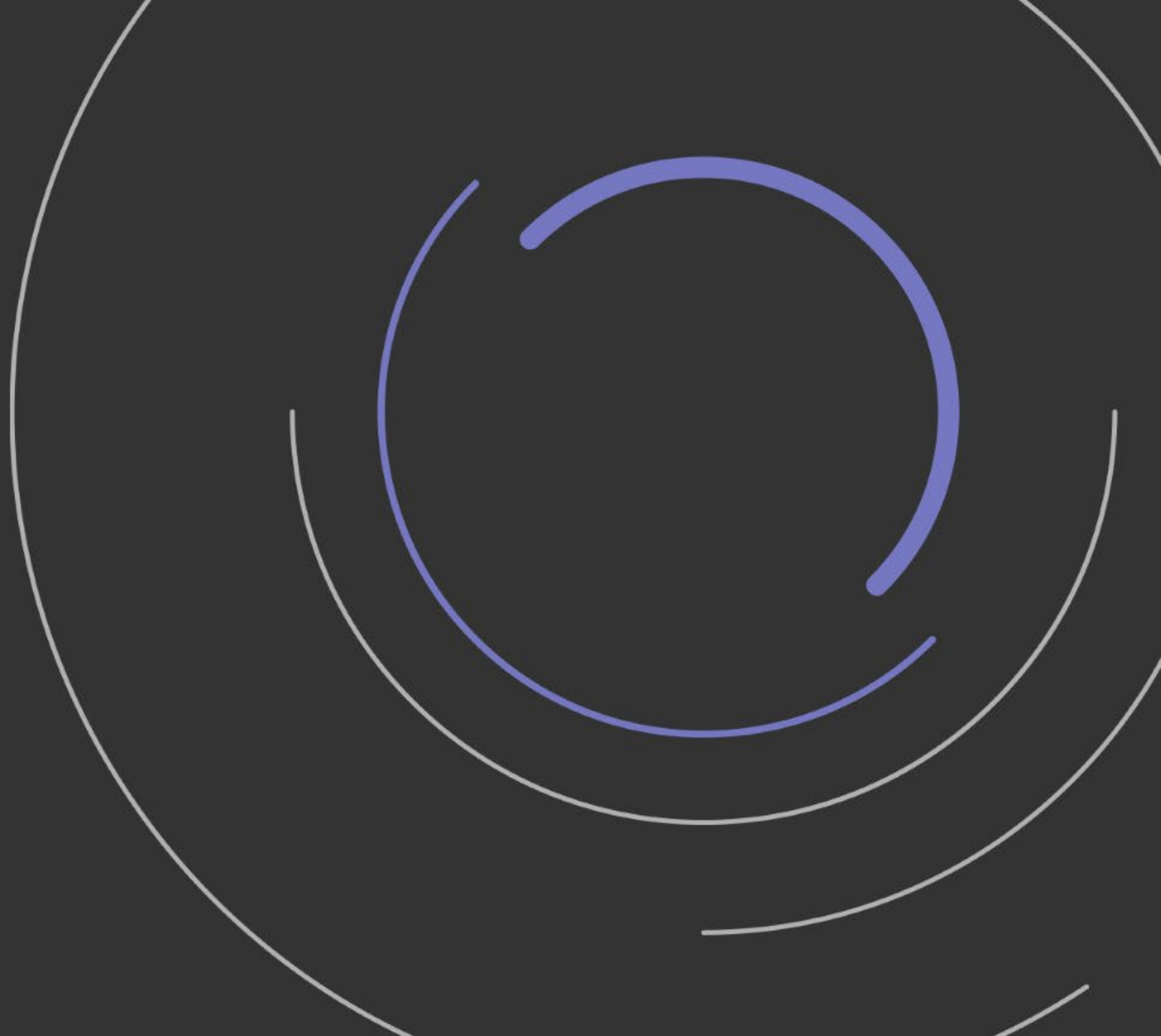
PRIVATE ACTION  
FOR PUBLIC BENEFIT

# Springboard or Lifebelt? Universal Basic Capital vs Universal Basic income

Beveridge 2.0

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# Assets and Outcomes

Evidence from US and UK longitudinal studies that individuals who own assets, when compared with those who do not, have:

- Better health
- Lower mortality
- Higher marital stability
- Less domestic violence
- Better educational outcomes for children
- Higher savings when children become adults

Source: Kelly and Lissauer (2000)

# Assets and Life Course

Asset holding at 23 has strong links with:

- Time spent in full time employment between 22-33 for men and women
- Earnings at age 33 for men
- Health of men and women at 33

Links remain even when income, class and personality type controlled for.

Source: Bynner and Despotidou (2001)

# Recent UBC schemes

## UK

- Le Grand (1989, 1991, 2000). £10,000 at age 18, funded by inheritance tax
- Institute for Public Policy Research (2000). A 'baby bond': £1000 grant at birth funded from general taxation.
- IPPR Commission on Economic Justice (2018): £10,000 at age 25
- UK Child Trust Fund

## US et al

- Ackerman and Alstott (1999). \$80,000 at age 21 funded from wealth tax.
- US Presidential candidates (Clinton 2008, Booker 2019)
- Le Grand and Carvallo (2008) EU 'Bambini bond'. €1000 grant at birth. €1500 for low income families.
- Italy, Hungary, France, Canada, Singapore have all proposed or have actually introduced schemes

# UK Child Trust Fund(2002-2011)

Every child at birth received a grant of £250 to set up an account. All types of accounts available: shares, savings, sharia etc

Children from disadvantaged families or with a disability received a further £250.

At age 7 parents received a further voucher of £250 or £500. Children in care a further £100 on top

Parents, grandparents, friends and children could save up to £1200 into account. Income from account tax free.

Account available for use when child reaches 18. No restrictions on use.

Financial help and education available

# Views of Parents in Deprived Areas

- Approved of the policy
- Preferred it to be spent on CTF than on education or child benefit
- Supported the fact that it was 'locked away'
- Supported its universalism. Didn't like the means-tested addition (the poor)
- Encouraged them and others to save
- Mixed views about restrictions on use

# CTF effectiveness

- Every child born between Sept 2002 and December 2010 has a CTF
- 74% opened by parents, rest by government.
- £3 billion in accounts by 2010
- One third of households received extra payments
- £289 added to each CTF per year on average
- In 2009/10, 12% of 'extra payment households' CTFs were topped up by £181 on average.

# Wealth accumulation

- Basic grant invested at average UK savings account interest rates 2003-2008, 2009-2020, no savings: £710.
- Basic grant invested in stock market plus £24 per month saved: £9,700.
- In 2021.....?





UBI?



Or  
UBC?