A House Divided: Asset-Based Welfare and Housing Asset-Based Welfare

Journal Item

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Article accepted for publication in the International Journal of Housing Policy

Abstract

Asset-based Welfare (ABW) is a policy approach that claims the individual ownership of assets is important for individual welfare. It is concerned mainly with small amounts of financial wealth and has sparked growing scholarly criticism that argues that it ignores the dominant role of housing as a type of asset. This Housing Asset-based Welfare (HABW) critique also charts the ways that ABW leads to pathologies in housing markets. A major problem for ABW though is that HABW has emptied ABW of its original content. This paper claims that this results in a 'house divided', that is two separate literatures that both purport to study assets but talk past one another. This paper suggests that research would be enhanced by a greater dialogue between these different literatures. It further argues that a theme of egalitarian property-owning democracy is a way of uniting these different literatures. Creating an egalitarian property-owning democracy suggests that there should be shared research on taxing housing wealth and developing new models of home ownership.

Keywords: Asset-based Welfare, Housing Asset-based Welfare, Egalitarian property-owning democracy, Housing Equity Stakes

Word count: 8,598

Introduction

Asset-based welfare (ABW) has emerged as a new way of thinking about welfare policy. The US academic Michael Sherraden coined the term ABW during the 1990s to refer to a new approach to social policy that stresses the importance of the individual ownership of assets such as pensions or savings (Sherraden 1990; 1991; 2003; Schreiner, Clancy and Sherraden 2002; McKernan and Sherraden 2008). His ideas were set out most fully in his 1991 book *Assets and the Poor. A New American Welfare Policy*, with the title of his book making a direct link between assets and the poor, and by so doing, highlighting that his theory is part of a social policy tradition that focuses on tackling poverty.

ABW has sparked international interest. The ‘Global Assets Project’ website[i], for example, charts the different international initiatives on ABW in places such as Africa, China and the US. Arguably, ABW has been most advanced at a policy level though, in the UK. The Labour government’s Child Trust Fund (CTF), for example, has been an international exemplar of ABW policy (Finlayson 2009; Norris and McCrae 2013). Under the CTF, the Labour government provided a £250 endowment to all babies born in the UK from September 2002. Children from poorer backgrounds qualified for an extra ‘progressive universal’ £250 endowment. Up to £1,200 could be saved into these accounts each year, with young fund holders free to use their CTFs as they please once they mature after 18 years (HM Treasury 2001a; 2001b; Finlayson 2009). After Labour lost the 2010 general election, the new Conservative-Liberal Democrat coalition government made cuts to the CTF in the first wave of austerity cuts to public spending, and after 2011, stopped providing a £250 endowment for all and turned the CTF into a Junior Individual Savings Account (HM Treasury 2010).

ABW focuses mainly on small amounts of financial wealth (Gregory 2016). However, this has prompted a criticism that ABW fails to recognise the dominant role that housing plays in the assets owned by large parts of the population (Watson 2008; 2009; 2010; Toussaint and Elsinga 2009; Doling and Ronald 2010a; 2010b; Ronald and Doling 2011; Lowe, Searle and Smith 2011; Montgomerie and Büdenbender 2015; Stebbing and Spies-Butcher 2016; Walks 2016; Lennartz and Ronald 2017; Ronald, Lennartz and Kadi 2017; Soaita, Searle, McKee, and Moore 2017). Doling and Ronald write that the: '*asset* in asset-based welfare has frequently become *property or housing asset*' (Doling and Ronald 2010a, 165, italics in the original). They also illustrate, from the late 1990s and early 2000s, that housing wealth formed between a third and half of personal wealth in France, Germany, Italy and the UK (Doling and Ronald 2010b). Other research of households with a head of household aged 55 years or over show that housing is over 80% of personal wealth in Greece, Italy and Spain (Lefebure, Mangeleer and Van den Bosch 2006).

These critiques of ABW form a recognisable body of work that can be dubbed 'Housing Asset-based Welfare' (HABW). This research claims that ABW led to pathologies in the housing market that then affected the wider economy and society (Watson 2008; 2009; 2010; Toussaint and Elsinga 2009; Doling and Ronald 2010; Ronald and Doling 2011; Lowe, Searle and Smith 2011; Montgomerie and Büdenbender 2015; Stebbing and Spies-Butcher 2016; Walks 2016). This paper claims that HABW has taken the label ABW but has changed its original content. This results in a 'house divided', that is two separate literatures that both purport to study assets but talk past one another. This paper suggests that research would be greatly enhanced by improved dialogue between ABW and HABW. An Asset Based Welfare approach that does not pay attention to housing will not fashion practical proposals on asset ownership that have the most impact on the lives of most people. Conversely, Housing Asset

Based Welfare would benefit from engaging with ABW for developing new ideologies of home ownership. This paper contends that a theme of egalitarian property-owning democracy is a way of uniting these different literatures. Two areas for joint research are the greater taxation of housing wealth and developing different models of home ownership.

This paper is organised as follows. The first section outlines ABW and argues that the asset-effect is central to this literature. As this paper claims that HABW has emptied ABW of much of its original content, the paper spends some time outlining the main ideas informing ABW. The second part considers a related ‘basic capital’ literature that was important for key policies such as the Child Trust Fund. The CTF deserves attention as it exemplified ABW at a policy level and so captures the essence of ABW. The third section sketches HABW and argues that the investor-subject is core to this approach. The fourth part argues that there are key differences between ABW and HABW, and that the latter has changed the former into something different. The rest of the paper claims that research would be enhanced by greater dialogue between ABW and HABW. It suggests that the idea of egalitarian property-owning democracy could be used to unite the different literatures.

The Orthodoxy of Asset Based Welfare

The ‘asset-effect’ is central to ABW. Sherraden (1991) argues that transfers of income through the tax and benefit system are the main way that social policy addresses poverty. He states that income transfers relieve the symptoms, but do not address the underlying causes of poverty. He claims that providing people with a stock of assets creates an ‘asset-effect’ over and above the provision of income that causes people to think and behave differently in the world. People take the steps then to avoid problems from occurring. For example, people may invest in training to avoid possible redundancy.

The asset-effect has an affinity with the idea of individual empowerment. Nam, Huang and Sherraden (2008) refer to this as an 'assets-for-development' framework as assets are supposed to lead to people developing their individual capacities. Sherraden (1991) outlines an Individual Development Account (IDA) model to put policy flesh on his theoretical ideas. IDAs are special accounts aimed particularly at low-income people and their name underlines that these accounts are supposed to support individual development. Personal savings attract matching contributions from public or private agencies. Funds in IDAs are supposed to be used for specific purposes, such as starting a business, paying for training or putting a deposit on a home (Sherraden 1990; 1991; 2003; Schreiner, Clancy and Sherraden 2002; McKernan and Sherraden 2008).

Sherraden (1991) argues that assets are fundamentally different from income as they are a stock variable whereas income is a flow variable. However, stocks can take on various forms such as financial wealth, property or physical wealth such as antiques or personalised car number plates (Nam, Huang and Sherraden 2008; Office for National Statistics 2014). ABW concentrates on those assets that can create an asset-effect. Nam, Huang and Sherraden (2008) say that: 'Stocks of assets in the context of social policy are usually in the form of financial wealth (e.g. subsidies for retirement accounts or educational savings accounts) or tangible wealth (e.g. subsidies for homeownership)' (Nam, Huang and Sherraden 2008, 2).

The literature suggests that three factors might contribute to an asset-effect. First, this effect might emerge from holding the asset. Second, the process of acquiring or building the asset might prompt a change in the way that people think or behave. Third, an asset-effect might emerge from the way that an asset is used, for example, when people spend the money that they have saved in their IDA (Bynner and Paxton 2001; McKernan and Sherraden 2008). The relative contribution of the different factors may vary for different assets. The mix of these different causes is important for designing asset policies. For example, if acquiring assets is the main cause of the asset-effect, then policies should support the acquisition rather than the holding or use of assets.

Not all types of wealth seem capable of creating an asset-effect. The asset-effect relates most obviously to financial wealth such as savings or pensions. It seems possible that building, holding or using savings might create an asset-effect. As an asset-effect may build over time, this means that long-term savings such as pensions are part of ABW (Grinstein-Weiss *et al*. 2015). Conversely, it is less clear why owning or using a personalised car number plate leads to an asset-effect. The asset-effect is nonetheless, particularly compatible with housing wealth. Holding an asset might refer to home ownership: building an asset might include building an equity share in property and using an asset might include living in the property.

Most of the ABW literature does not discuss housing in depth and instead concentrates on financial assets. One sign of this can been seen by examining the work of the Center for Social Development (CSD) at the University of Washington at St Louis. Sherraden helped found the CSD to co-ordinate and spread research on ABW. The CSD has a large publications database highlighting working papers, journal articles and policy reports on ABW[ii]. Most of this literature involves studies of trials of IDA schemes or financial assets. For example, one strand of this literature explores Child Development Accounts which are

IDAs aimed at young people. There is also ongoing research applying the IDA model to different age groups in the population, such as special retirement accounts.

The asset-effect hypothesis is, however, controversial. Although there is a growing empirical literature that confirms the presence of such an effect, this is not accepted by all commentators. Furthermore, there is a critique that casts doubt on whether assets are the best means of achieving the desired policy outcomes. For example, improving individual skills might be better achieved through more public spending on schools or colleges rather than encouraging individual investments into IDAs (see Bynner and Despotidou 2000; Bynner and Paxton 2001; Emmerson and Wakefield 2001; Loke and Sacco 2011; Gregory 2014).

Basic Capital

Research on the asset-effect has not only been relevant for the development of explicit ABW policies, such as the CTF considered below, there is also a related egalitarian liberal tradition that emphasises the importance of the individual ownership of wealth (Ackerman and Alstott 1999; Le Grand and Nissan 2000; White 2003). Egalitarian liberalism insists that equality is a foundation for liberty. Egalitarian liberals argue that people cannot take advantage of the opportunities that are available to them without access to material resources. Without such resources, the opportunities will be purely formal and not real (Ackerman and Alstott 1999; Le Grand and Nissan 2000; White 2003).

The eighteenth-century writer Thomas Paine is one of the forebears of egalitarian liberalism. In *Agrarian Justice*, Paine argues that all should have a share of the earth and a tax should be placed on natural resources and used to fund a capital grant for each generation. This ensures that all generations will have access to their natural inheritance (Paine 1987). The US

Homestead Act of 1862 provided a policy counterpart to these ideas. Under the Homestead Act, any US citizen that did not bear arms against the US could claim 160 acres of US government land. The homesteader then had to live on this land and cultivate it with crops[iii] .

Paine's ideas and the Homestead Act spurred modern interest in a 'basic capital' grant given to all citizens. White (2003) notes that basic capital ideas should be: 'put in the context of a growing interest in 'asset-based egalitarianism' and 'asset-based welfare' in recent years' (White 2003, 187). Basic capital shares a view with ABW that material assets are needed for people to be independent. The basic capital literature suggests that a just society involves the polity providing people with the capital they need to pursue their life plans. The social contract means that citizens then have a duty to contribute to capital grants for the next generation. This duty would be fulfilled by placing a tax on the wealth of the current generation to pay for capital grants for the next generation (Le Grand and Nissan 2000; Ackerman and Alstott 1999; White 2003; Ackerman, Alstott and Van Parijs 2005). For example, Le Grand and Nissan (2000) propose that all UK citizens receive a £10,000 grant once they are 18 years old.

Supporters of a basic capital argue that a capital grant will have a larger impact on real opportunity than regular smaller basic income payments (Ackerman and Alstott 1999; White 2003; Ackerman, Alstott and Van Parijs 2005). Basic capital is not aimed solely at encouraging investment. Ackerman and Alstott (1999) argue that liberal principles mean that stakeholders should be free to spend their capital grant as they please. This includes the possibility that they 'blow' all of their grant on something like a holiday. Basic capital here would be used here simply for consumption and not investment. White (2003) states that a reciprocity principle means that the provision of a grant to a person imposes a corresponding duty on that person to use the grant productively. Using the grant productively does not necessarily imply that the person must use this for an investment in housing or training. For example, people might use their grant to fund their voluntary work in the local community.

Egalitarian property-owning democracy

Basic capital is seen by egalitarian liberals as part of a wider project of creating an egalitarian property-owning democracy (O'Neill and Williamson 2012; Gregory 2016). Meade (1964) uses the term egalitarian property-owning democracy to refer to an effort to spread wealth to create a more equal society (Meade 1964; Rawls 1971). Although the idea of an egalitarian property-owning democracy has prompted interest among egalitarian liberals, the phrase property-owning democracy originates on the right. The Conservative politician Noel Skelton introduced the term property-owning democracy during the 1920s and this has since been an important theme of Conservative politics (Skelton 1924; Hogg 1947; Ron 2008). Skelton's aim in developing this concept was to protect the rights of property holders from the growth in mass democracy (Skelton 1924; Ron 2008; Gregory 2016). Property-owning democracy has probably been associated most closely with Prime Minister Margaret Thatcher's sale of council homes and privatising nationalised utilities such as gas and water during the 1980s (Gamble and Kelly 1996; Ron 2008; Lund 2013).

Egalitarian liberals recognise that the sale of council houses is a species of property-owning democracy (Gamble and Kelly 1996; Ackerman and Alstott 1999), making the link between basic capital and housing. However, these theorists are critical of Thatcherism because they say that she did not seek to create an *egalitarian* property-owning democracy (Gamble and Kelly 1996; White 2003). Indeed, Pierson (1994) argues that Thatcher wanted the opposite, and used the sale of council housing to retrench the welfare state. He argues that Thatcher successfully used the ‘right-to-buy’ sale of council houses to sell off large parts of the public housing stock without replacement (see also Jones and Murie 2006). Disney and Luo (2017) record that the right-to-buy sale of council properties was mainly responsible for a rise in the share of home ownership among householders in the UK from 55% in 1979 to 70% in the early 2000s. ‘Nonetheless, the spread of asset ownership due to right-to-buy is very uneven, with unskilled workers and low-income council tenants under-represented among right-to-buy purchasers’ (Cole *et al*. 2015). Gamble and Kelly write that: ‘The New Right idea of a property-owning democracy is a sham. Despite the attachment of the British Conservatives to the idea since the 1920s … the inequality of individual ownership and wealth holding persists’ (Gamble and Kelly 1996, 81). Conservative versions of property-owning democracy stress individual responsibility but do not attend to the background inequalities that constrain individual choices. A challenge remains of how an egalitarian property-owning democracy might be created. This paper suggests that this theme offers fertile territory for an accommodation between ABW and HABW.

The Child Trust Fund

The CTF has been a particularly important example of an explicit Asset Based Welfare policy, and provides an important point of contrast with Housing Asset Based Welfare. The CTF combined principles of both the asset-effect and basic capital. Sherraden was specifically invited by the Labour government to contribute to the development of the CTF in the run-up to this policy announcement. A prototype of the CTF was modelled on Sherraden’s IDAs (Kelly and Lissauer 2000). Research by Bynner and Despotidou (2000) on the asset-effect was influential for calculating the size of the initial endowment into the CTF. Their research used the UK National Child Development Survey (NCDS) to show that modest amounts of financial wealth (of around several hundred pounds) was enough to create an asset-effect that would lead to improvements in personal outcomes (such as better health).

The importance of the asset-effect can be seen by the fact that Labour embedded the CTF in its strategy on saving outlined in *Saving and Assets for All* as well as *Delivering Saving and Assets* (HM Treasury 2001a; 2001b). These consultation documents argue that Labour saw plans for ABW as a new leg of the welfare state alongside work and skills, income benefits and public services (HM Treasury 2001a).

Labour's ABW had many aims and was not therefore a single approach to policy. The short-term aims of ABW resonate with conventional social policy arguments that stress the importance of a financial cushion as a way of protecting people from poverty or exclusion. Lister and Sodha (2006) argue that there is a vulnerability context underlying poverty, which means that people are often in a vulnerable position in which a modest economic shock may tip them into poverty. For example, poorer people may find it difficult to cope with something as common as a washing machine breaking down. People might fall into poverty as they find it difficult to repair or replace the washing machine. Longer-term benefits overlap with the asset-effect and the support this gives to individual independence.

But the CTF was not only shaped by ideas about an asset-effect. The CTF was a capital grant given to all children regardless of background and this overlapped with basic capital ideas. A pure asset-effect policy would have concentrated resources on families where an asset-effect would be created. It is unlikely that the CTF would then have been provided to children from wealthy backgrounds as they already had access to capital. However, a basic capital approach would have provided these grants to children from wealthy backgrounds as the grant is a mark of citizenship.

Recent efforts to revive the CTF highlight the continuing importance of basic capital ideas. Atkinson (2015) outlines a recent version of these egalitarian liberal ideas in his call to revive CTF to reduce wealth inequality. Wealth inequality is attracting growing comment and concern, with worries about the impact on economic efficiency, social cohesion and individual opportunity (Le Grand 2003; Piketty 2014; Atkinson 2015). For Atkinson (2015) Basic Capital is one of 15 proposals aimed at fulfilling Paine's dream of an inheritance for all. He proposes the introduction of a lifetime capital receipts tax (that taxes the gifts or inheritances that a person receives over their life) as a way of paying for grants for all, with revenue from current inheritance tax receipts in the UK providing for a grant of around £5,000 for all.

Housing Asset Based Welfare

The asset-effect and basic capital literatures focus mainly on financial assets. Labour used ABW to refer specifically to the CTF and a related savings policy called the Saving Gateway (see below). Gregory (2016) suggests though, that there is a hidden ABW agenda that stretches beyond small amounts of financial wealth and covers other government policies that encourage asset ownership. A literature has emerged that applies the ABW label particularly to housing that may be called Housing Asset-based Welfare (HABW).

A noticeable feature of HABW is that many of the key contributions have been published after the 2007-2008 global financial crisis (Watson 2008; 2009; 2010; Toussaint and Elsinga 2009; Doling and Ronald 2010; Ronald and Doling 2011; Lowe, Searle and Smith 2011;

Montgomerie and Büdenbender 2015; Stebbing and Spies-Butcher 2016; Walks 2016; Lennartz and Ronald 2017; Ronald, Lennartz and Kadi 2017). Part of the emergence of HABW after 2008 may be coincidental. However, the growth of HABW may also reflect an increased attention paid to housing because of the financial crisis. For example, the collapse of a house price bubble in the 'sub-prime' housing market in the US and UK is often seen as one of the triggers of the 2007-2008 banking and financial crisis (Watson 2008; 2009; 2010; Lowe, Searle and Smith 2011; Montgomerie and Büdenbender 2015). A recent contribution claims that HABW has been changed by the financial crisis: 'While the GFC [Great Financial Crisis] helped undermine the *home ownership* base of asset-based welfare, the crisis actually helped refine the role of *housing property* in social, economic and welfare relations' (Ronald, Lennartz and Kadi, 185, italics in original).

HABW is a varied literature and cannot be summarised in a simple way. There are different strands to HABW that examine the impact of home ownership on the global financial crisis of 2007-08, wealth segregation in cities and private pension planning (Watson 2008; 2009; 2010; Toussaint and Elsinga 2009; Doling and Ronald 2010; Ronald and Doling 2011; Lowe, Searle and Smith 2011; Montgomerie and Büdenbender 2015; Stebbing and Spies-Butcher 2016; Walks 2016). A common theme in HABW is the idea that ABW is used to create a new welfare approach based on 'investor-subjects' (see Smith, 2008). Smith (2008) argues that markets are made and are not given. She argues that investment is central to the neoliberal version of markets. Smith (2008) continues that the emphasis on investment imparts a specific meaning upon housing. In particular, in the English speaking world, especially the UK, housing is conceived as an exemplar of investment. Home buyers and home owners are then seen as asset-accumulating investors rather than property-owning citizens: 'the figure –

the character – of the home investor is increasingly privileged, valued, and indeed brought to life, through the ethnopolitical governance of countries like the UK' (Smith 2008, 526).

Investor-subjects are expected to take prime responsibility for their own welfare. This responsibility includes making the necessary investments to protect personal welfare, such as investing in training to avoid unemployment. People are subjects because they make investments in financial markets and so are the subjects of financial companies (Watson 2008; 2009; 2010; Toussaint and Elsinga 2009; Doling and Ronald 2010; Ronald and Doling 2011; Lowe, Searle and Smith 2011; Montgomerie and Büdenbender 2015; Stebbing and Spies-Butcher 2016; Walks 2016). An important part of the investor-subject approach focuses on pensions as people are increasingly expected to save into private defined contribution pension schemes to offset cuts in the state pension, and take care of themselves in later life (Langley 2008; Hacker 2008).

HABW highlights home ownership as an exemplar of the investments pursued by investor-subjects. Home ownership is thought to provide security in retirement as well as provide a basis for consumer spending. Housing is itself a consumption good and so people can consume the services provided by housing in retirement (for example, consuming shelter and warmth). Home ownership can also be used to provide people with a retirement income through equity release schemes (Smith 2008; Lowe 2012). Significant annual house price rises allows people to consume beyond their income from paid work (for example, home owners may use housing as a way to get credit) (Crouch 2008; Watson 2008). HABW suggests that the stress on home ownership fuels two trends in housing markets. First, an emphasis on 'borrowing-to-invest'. Housing is often the most expensive purchase that people will make in their life and people will usually have to borrow on mortgage markets to be able to buy a house. Borrowing is therefore a key part of the investor-subject approach. A paradox is that an approach aimed at encouraging home ownership licenses a growth in personal debt.

Second, the easy availability of credit. If people are to borrow to buy housing, then there should be easy access to credit. Government therefore relaxed the constraints on lending by financial companies. In places such as the US and UK, there was light touch regulation of financial institutions. This led to the growth of lending to low-income people or the 'sub-prime' market (Langley 2008; Montgomerie 2008; Montgomerie and Büdenbender 2015). Crouch (2008; 2009) says that the easing of credit constraints was part of a 'privatised Keynesianism' approach to governing the economy. He says that after 1945, government used Keynesianism to manage the economy. This involved government incurring public debt to pay for public spending to stimulate the economy when demand was low. He says the consensus about the efficacy of Keynesianism broke down during the 1970s when it was associated with high inflation and unemployment. Crouch claims that privatised Keynesianism succeeded Keynesianism. Private debt replaced public debt as the source of spending in the economy: 'Under original Keynesianism it was governments that took on debt to stimulate the economy. Under the privatised form individuals, particularly poor ones, took on that role by incurring debt on the market. The main motors were the near constant rise in the value of owner-occupied houses and apartments alongside an extraordinary growth in markets in risk' (Crouch 2008, 476). Crouch (2008; 2009) argues that the government relaxation of the constraints on private sector lending was one of the conditions for the emergence of privatised Keynesianism.

Differences between ABW and HABW

This section claims that although ABW and HABW share the same label, they nevertheless refer to different things. Housing Asset Based Welfare is centrally concerned with investment in housing. An important strand of the asset-effect and basic capital literatures is about *non-investment*. Models of basic capital exist that allow the grant to be used only for consumption and not investment. An important strand of Asset Based Welfare is about people building a modest financial buffer to protect themselves against relatively common shocks. For example, the Labour government had planned to extend ABW through a Saving Gateway (SG) policy after the 2010 general election. The SG was aimed at ensuring that people had a buffer of a few hundred pounds to protect themselves against unexpected events. The SG policy was to provide special two year savings accounts aimed at those on low-incomes. The government would give a 50p match for every £1 saved into the SG, and the government contribution was to be capped at £300 (Edmonds 2009). The Conservative-Liberal Democrat coalition government scrapped the planned national roll-out of the SG. Following the 2015 general election, the Conservative government revived the SG idea by launching a 'Help to Save' Individual Savings Account that shared many of the features of the SG (HM Treasury 2016).

There is some recognition within the recent HABW literature that ABW focuses on non-investment. Lennartz and Ronald (2017) present ABW as an alternative to social investment. They claim that ABW is aimed at providing people with the conventional protections supplied by the welfare state as this policy approach allows the welfare state to target particular types of spending aimed at social investment. Thus, ABW contributes to the reshaping rather than retrenchment of the welfare state: 'ABW – and particularly the idea of bringing new households into the homeownership sector through early life debt accumulation – is basically a response to the (budgetary) strains when keeping old risk social policies in place' (Lennartz and Ronald 2017, 213-214). ABW is associated here with conventional social protections offered by the welfare state, albeit of a different scope and nature.

Even where ABW is used for investment, this is usually for non-housing assets. IDAs are Sherraden's (1991) main policy idea. Housing is only one of the aims of IDAs, and arguably the least realistic of the suggested uses as the matched savings are more likely to be used for non-housing investments such as job-related training or starting a business. Sherraden and his colleagues conducted an American Dream Demonstration project that reported results of pilots on IDAs. This project found that IDAs prompted people to save. This research showed that with an average of a \$2 match for every \$1 saved, the average net monthly deposit per participant was \$19.07 and people accumulated about \$700 a year in their IDA (Schreiner, Clancy and Sherraden 2002). These savings are not enough to be used as a deposit on a home.

ABW and HABW also differ over the role of income. Sherraden's (1991) argument is that assets are fundamentally different to income. Similarly, basic capital is also interested specifically in a capital grant rather than income. Income is much more embedded within HABW. Borrowing-to-invest is a key part of the investor-subject approach. Borrowing points to the importance of a flow of income (debt). In fact, HABW suggests that ABW contributed to a rise in general indebtedness in places such as the UK (Lowe, Searle and Smith 2011). This growth in indebtedness leads to dependence on the lender rather than independence and so there is a fundamental difference between the investor-subject (whose name implies subjection or dependence) and the empowered individuals within ABW.

Recent contributions to HABW also highlight how housing is used to provide people with flows of income to meet future welfare needs (Fox O'Mahony and Overton 2015; Overton and Fox O'Mahony 2017; Soaita and Searle 2016; Soaita, Searle, McKee and Moore 2017; Lennartz and Ronald 2017; Ronald, Lennartz and Kadi 2017). Ronald, Lennartz and Kadi (2017) claim that home ownership was the main focus of ABW prior to the financial crisis. They say that although there has been less emphasis on ABW policy after the financial crisis, housing remains important for addressing the welfare needs of households in a period dominated by austerity cuts to public spending. Lennartz and Ronald (2017) and Ronald, Lennartz and Kadi (2017) outline four ways that home ownership can provide people with a flow of income. First, there is the imputed rent that can be associated with home ownership. Second, there are equity release products that allow owners to access the equity the income stored in their property (see also Fox O'Mahony and Overton 2015; Overton and Fox O'Mahony 2017). Third, people can raise money by downsizing from their property. Fourth, people can create a flow of money by renting out rooms or becoming private landlords by acquiring more property by leveraging their home (see also Soaita *et al.* 2017).

What can ABW and HABW learn from each other?

This paper claims that HABW has used ABW as a convenient label to describe various trends in housing but in so doing has transformed ABW into something that is qualitatively different from its original conception. This paper suggests that research will be enhanced if there is greater dialogue between these different literatures. It is perhaps easier to see what ABW might usefully learn from HABW. Housing is the single most important asset owned by large parts of the population. Engaging with housing is therefore important for developing reforms to asset ownership that have the most impact on the lives of most people. This paper suggests that HABW might also draw usefully from the theme of egalitarian property-owning democracy with the literature on ABW and basic capital.

Creating an egalitarian property-owning democracy may be particularly timely. Piketty (2014) argues in *Capital in the 21st Century* that capital is the main source of inequality in the twenty-first century. Housing scholars argue that although there is greater recognition now that housing contributes to wealth inequality, policy-makers have yet to develop adequate responses to these issues (Maclennan and Miao 2017; Fernandez and Aalbers 2017; Elsinga 2017). Maclennan and Miao (2017) comment that: ‘Housing policy-makers show little sign of engaging with the insights derived … [from Piketty’s work], not least the implication that core housing policies may be reinforcing rather than reducing inequalities within and between generations’ (Maclennan and Miao 2017, 128).

Research between ABW and HABW over an egalitarian property-owning democracy can directly address this gap in housing policy. Creating an egalitarian property-owning democracy implies at least two areas for common research. First, the greater taxation of housing wealth. Elsinga (2017), underlines the importance of taxing housing: ‘New principles in policies for housing could start by tax policies taking housing equity into account aiming at acceptable social inequality’ (pp 149). Elsinga also argues that there is a need to outline new types of housing taxation. Modern basic capital models suggest that a tax on final estates or inheritances could be used to pay for a capital grant for the next generation. Housing will often form an important part of a person’s final estate or inheritances and so estate or inheritance taxes will involve the taxation of housing wealth (Ackerman and Alstott 1999; Le Grand and Nissan 2000; White 2003; Atkinson 2015). HABW also has a concern with addressing the inequality that home ownership poses within and between generations (Walks

2016; Stebbing and Spies-Butcher 2016). ABW and HABW can therefore collaborate on housing taxation. There is a long literature on models of property taxation (for an overview see Mirrlees *et al*. 2011). However, questions remain about which specific taxes ought to command priority as well as how to turn tax ideas into reality.

Second, in developing new models of home ownership, conservative arguments dominate the ideology of owner-occupation and property ownership (Gregory 2016). Home ownership is seen as important because it supports personal responsibility and self-reliance. The investor-subject approach fits this ideology of personal responsibility. For example, growing attention is paid within housing research to private landlordism as a way of making income. Ronald, Lennartz and Kadi write that the: ‘new landlordism has been shaped by the ‘investor subject’ of asset-based welfare’ (Ronald, Lennartz and Kadi 2017, 183). Soaita *et al*. (2017) extend this discussion by outlining findings from a qualitative research project on landlords’ motives for the private rental sector as an asset strategy. Their results show that there are different motives for landlordism and these motives vary depending on the type of landlord. For example, some landlords use the private rental sector to provide immediate income while others see it as a source of income for the future through capital gains. Landlords with small portfolios in particular may see property as a key way of paying for retirement.

Gregory (2016) claims that shared ownership could be used to challenge an ideology based on individualism and self-reliance:

The aim here would not simply be to offer a thin slice of the POD [property-owning democracy] to more people, but to shape a policy narrative around shared ownership in such a way that a positive story is told about its hybrid nature, bridging the often binary distinction between ‘independent’ owners and ‘dependent’ social tenants (Gregory 2016, 18).

Developing different models of home ownership can potentially reshape the ideology of home ownership. Fox O’Mahony and Overton (2015), for example conducted a qualitative research on the impact of equity release schemes among home owners, and found that such schemes can often change the meaning of the home and home ownership (Fox and O’Mahony 2015). Shared ownership models might be used then to challenge an investor-subject ideology.

Honoré (1961) outlines a classic account of the nature of ownership. He argues that ownership of an object usually involves eleven types of rights. These rights cover the possession, use, management, transmission and control of the object. Other rights include those over the capital value, income, security from expropriation, freehold, judgemental liability and duties not to harm others. Each of these rights may be shaped in a variety of ways. Honoré’s list can no doubt be extended to include other rights as well. What is important here is that the different rights mentioned above can be combined in different ways and that this gives rise then to different models of ownership. There are a range of hybrid or shared ownership forms between pure private and common ownership (Whitehead 2010; Whitehead and Monk 2011).

Debates about housing equity stakes are one attempt within ABW to forge new agendas on ownership (Edwards 2001; Whitehead, Travers and Keilland 2006). This could be used as a platform for further research between ABW and HABW. Housing equity stakes are admittedly a small part of total ownership forms. For example, Gregory (2016) notes that housing equity stakes only form 2% of UK housing. One challenge then is to develop such models that can apply at a larger scale. Whitehead, Travers and Keilland (2006) highlight three types of housing equity stakes within ABW. First, access models that try to help people to acquire and build up ownership, and encourage people to build up to full ownership rights. Second, savings schemes which try to use housing to build up personal savings. For example, tenants might be able to claim matched savings from public or private agencies for any money in addition to rent that they put in a special savings account. Third, cost reduction schemes that reduce the costs of living in a property (for example, rent reductions for those that live in a property for a certain length of time). Whitehead, Travers and Keilland (2006) argue that while access schemes typically benefit better off tenants able to afford full ownership, savings or cost reduction schemes favour poorer tenants who are unable to be able to afford full ownership.

If the aim is to develop new ownership forms, then further research ought to concentrate on savings or cost reduction schemes. The ultimate aim of access models is usually for people to gain full ownership rights and so these approaches are not directed at developing hybrid ownership forms. Savings schemes combine rights over home ownership with efforts to help tenants build a financial buffer and so this blends together themes from HABW and ABW. Cost reduction schemes also have the potential for fashioning new ownership forms by allowing for different mixes of property rights.

Shared ownership could be used to challenge the growth of private landlordism. Private landlordism is likely to add to growing inequality as it allows private landlords to amass more wealth and income and widen the gap between landlords and tenants. Maclennan and Miao (2017) state that addressing the housing gap between owners and non-owners is more important for reducing wealth inequality than focusing on the the top 1% of the wealth distribution. One way of reducing the impact of private landlordism on inequality is to fashion a model of shared ownership that curtails some of the rights associated with private property. Using Honoré’s terms, a shared ownership form might mean qualifying rights over income and capital value from a property. Exploring these shared ownership forms creates a future joint research and policy agenda for ABW and HABW.

Conclusion

ABW emerged during the early 1990s as a new way of thinking about welfare policy. Its supporters claim that this policy approach filled a gap in welfare policy related to the importance of the individual ownership of assets. The asset-effect is central to ABW and this prompted policy developments such as the introduction of the CTF in the UK. ABW has also sparked scholarly criticisms. Some of these criticisms centre on whether promoting assets is better than welfare policy alternatives for achieving policy goals. However, there is also a separate and growing literature that highlights the lack of attention paid to housing within ABW. This HABW literature contains various strands but a common claim is that an investor-subject approach is core to ABW and this has created a set of pathologies within housing markets.

This paper claims that HABW has taken the ABW label from social policy and applied it to very different developments within housing. On one level, this might be deemed not to matter that much, with HABW here just using ABW as a convenient label for trends in housing markets. This paper suggests though, that the problem with HABW research goes beyond a misleading description of ABW. This paper claims that HABW has effectively turned ABW into something that differs from its original conception. This has led to a house divided, that is different literatures studying assets and their social outcomes but developing in isolation from each other.

The paper argues that egalitarian property-owning democracy can be used to bridge the gap between the different literatures. Egalitarian property-owning democracy points to two areas of shared concern and mutual learning in the future. This covers joint research on developing new forms of housing taxation as well as hybrid models of home ownership that can potentially shape new ideologies of home ownership.

Acknowledgements

I would like to thank four referees, James Gregory and the Editor Prof Richard Ronald for their very helpful comments on previous versions. All remaining errors are my own.

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[ii] Center for Social Development https://csd.wustl.edu/Publications/PubsDatabase/Pages/allpubsAll.aspx

[iii] US Homestead Act, see https://www.archives.gov/education/lessons/homestead-act