

The Case for a Universal Capital Endowment for Youth in the 21st Century

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Only new, radical policies can turn the tide in the face of increasing inequality and growing populism in advanced economies. Distributing a capital endowment to all their citizens who turn 18 to start a business, buy a property or get a college degree is one of them.

INEQUALITY IS BACK. NOW WHAT?

Today, rising inequality in a context of slow growth has become the defining reality of many advanced economies. In the US, one of the OECD's most unequal countries, more than two thirds of the wealth is concentrated in the top 10% of earners¹; and according to the Brookings Institution², Americans are quite unlikely to move far up (or down) the wealth ranks early in life; their chances actually decrease with age. In France, society looks every day more

1. Statista, *Wealth distribution in the United States in the fourth quarter of 2023*. Available at: <https://www.statista.com/statistics/203961/wealth-distribution-for-the-us/>.

2. Ember Smith, Ariel Gelrud Shiro, Christopher Pulliam, and Richard V. Reeves, *Stuck on the ladder: Wealth mobility is low and decreases with age*, Brookings Institute, June 29, 2022.

and more *Ancien Régime*. For the first time in History, the richest man and woman on earth were both French¹ in 2023; at the same time, only 10% of children born to parents in the bottom 20% can reach the top 20% in adulthood, four times less than children from the top 20%². Is hard work a factor? Eighty percent of French billionaires inherited their wealth³, according to the Financial Times. The top 1% of heirs now enjoy a higher standard of living⁴ than that obtained by the top 1% of “workers.”

On the other side of the Channel, things aren't better. In the UK, children of the wealthiest fifth of parents are eight times more likely to be in the wealthiest fifth themselves than are the children of the poorest fifth, but the children of the poorest fifth are less than three times more likely to be in the poorest fifth themselves than are the children of the wealthiest fifth⁵. In 2017, members of the Social Mobility Commission resigned out of frustration at the lack of political will to address inequality, warning about “*the sense of political alienation and social resentment that so many parts of modern Britain feel*”⁶. In Japan, formerly the second largest economy, where previously the Japanese would take pride in self-identifying as members of a vast, stable middle class for decades, nonregular workers made up around 40% of the total workforce⁷ starting nearly 10 years ago. Most OECD countries follow similar trends, whether Sweden⁸, that was

1. Le Monde, « *L'homme et la femme les plus riches du monde sont, pour la première fois dans l'histoire, tous les deux français* », April 5th 2023.

2. Gustave Kenedi and Louis Sirugue: *Intergenerational Income Mobility in France: A Comparative and Geographic Analysis*, August 9, 2023. Available at SSRN: <https://ssrn.com/abstract=4180259> or <http://dx.doi.org/10.2139/ssrn.4180259>.

3. The Financial Times, *The billionaire boom: how the super-rich soaked up Covid cash*, May 14th 2021.

4. Conseil d'analyse économique et sociale, *Repenser l'héritage*, n° 69, December 2021.

5. Alex Davenport, Peter Levell and David Sturrock *Why do wealthy parents have wealthy children?* IFS, September 8th 2021.

6. Social Mobility Commission, *State of the Nation 2017: Social Mobility in Great Britain*, November 2017.

7. Nippon.com, *Regular Full-Time Positions Increasingly Elusive for Japanese Workers*, February 29th, 2016.

8. The Lancet – Regional Health Europe, *Sweden's economic inequality gap is widening and worrying*, March 2023.

known for its strong egalitarian system, or New Zealand¹, often hailed as a beacon of progressivism under the leadership of Prime Minister Jacinda Ardern (2017–2023).

These statistics fail to capture that even when social mobility works, the challenges faced when one ascends in society are massive. A brilliant teen in a tiny rural French town where I officiate as city council member was accepted at Harvard and Cambridge at 16. Originating from an upper-middle-class family, she is now entering adulthood facing more than a hundred thousand dollars of debt, an amount that has left her with no margin for error in the decade to come and that will dictate every single one of her life decisions well into the middle of her career. Unless she chooses the field of finance, I doubt she will ever be able to work in France, where 90% of the population earn less than 4,000 euros a month; she will instead remain an economic outcast in her own country for a long time to come, condemned to travel the globe in search of debt-repaying jobs.

This anecdote is one out of the hundreds I have internalized as I navigate professionally between the world of the wealthy and, through personal projects in destitute areas of France, that of the poor. While some parents around me start preparing their kids for the hyper competitive, globalized era we live in as soon as they turn 3, a kindergarten teacher in rural France recently told me she regularly sees children for which, at that age, “*it’s already too late*”.

Time is not likely to naturally correct these trends: Inequalities have a compounding effect, whereby wealth balloons while poverty is transmitted from one generation to the next. In fact, the Baby Boomers, a generation that has accumulated more wealth than previous ones while also having fewer children, will soon further exacerbate the problem through inheritance. In the US, the *New York Times* has aptly anticipated what is to be the “greatest wealth transfer in History”², with dozens of trillions likely to turbocharge

1. Stats NZ, *Distribution of wealth across New Zealand households remains unchanged between 2015 and 2021*, March 3, 2022.

2. The New York Times, *The Greatest Wealth Transfer in History Is Here, With Familiar (Rich) Winners*, May 14th, 2023.

inequalities over the next two decades, while the French Government has questioned whether it is possible to avoid the formation of an 'inheritance society'¹—where a few inherit a lot and the others not much—if at all.

FROM OCCUPY WALL STREET TO THE YELLOW VESTS

From Occupy Wall Street in the US to Spain's Indignados or France's Yellow Vests, activists have warned for more than a decade that this situation is untenable. Even the OECD, the rich countries' think tank not known for any Marxist penchant, now advocates for taxing inheritance² to reduce inequality.

While a large share of the Millennials (1981–1996) started their professional careers in the midst of the 2008 financial Armageddon, experiencing wage and wealth losses, Generation Z (1997–2012) started theirs facing Covid and an inflation crisis. The OECD warned³ in 2019 that, although 70% of the Boomers were part of the middle class in their twenties, only 60% of the Millennials are that lucky, adding that the Boomers enjoyed more stable jobs during their working life than younger generations. Owning a property has become a distant dream for young people, especially in gentrified cities, and the rat race to own a degree to secure a decent job has left many deep in debt.

The broken promise of social mobility has many youngsters growing disillusioned with that bedrock of the Western political system, democracy. Suffering from economic exclusion, they shun the voting booth: According to the Centre for the Future of Democracy, higher levels of youth unemployment and wealth inequality are associated with rising dissatisfaction in both absolute and relative terms—that is, a growing gap between assessments of democratic functioning between youth and older generations⁴. And when Gen Z votes

1. France Stratégie, *Peut-on éviter une société d'héritiers?*, n° 51, January 2017.

2. OECD, *Inheritance Taxation in OECD Countries*, May 11, 2021.

3. OECD, *Under Pressure: The Squeezed Middle Class*, May 1st, 2019.

4. Centre for the Future of Democracy, *Youth and Satisfaction with Democracy: Reversing the Democratic Disconnect?*, Cambridge, UK, 2020.

in the US, they rather appear to mobilize for gun control, the environment, reproductive health, education, and racial justice¹.

Interest in socioeconomic inequality, which exacerbates many of these issues, ran high in the aftermath of the 2008 financial crisis but Covid and geopolitical crises shifted our focus away from it. Thus, former World Bank's lead economist Branko Milanović has a dire warning about liberal capitalism's current failures: "*It is the renegeing on some crucial aspects of this implicit value system, namely a movement toward the creation of a self-perpetuating upper class and polarization between the elites and the rest, that represents the most important threat to the longer-term viability of liberal capitalism*"²—a warning that echoes in today's politics.

A POPULIST BACKLASH INDEED

Japan, a country not used to political violence since the end of WW2, lost a former prime minister in 2022 to a gun's bullets, and the current one barely survived an assassination attempt by a 24-year-old in 2023. The suspect is a member of Gen Z who, in his lifetime, has mainly experienced a country shaken by the 2008 financial crisis, the 2011 Fukushima nuclear disaster due, in part, to corruption, a dramatic increase in the share of nonregular workers, Covid in 2020, unpopular Olympic Games in 2021 and now, inflation, an uncommon phenomenon in Japan.

In France, research³ by Aurélien Delpirou and Frédéric Gilli has shown that areas where Marine Le Pen's far right movement performed well in the 2022 election cycles were rural ones where social mobility is low; where the fate of factories and jobs is decided by companies located beyond France's borders;

1. Harvard Gazette, *Rising political tide of young adults, Gen Z*, April 14th, 2023.

2. Branko Milanović, *Capitalism, Alone – The Future of The System That Rules The World*, Harvard University Press, 2019.

3. Aurélien Delpirou and Frédéric Gilli, *Après les élections: géographies plurielles d'une France en déséquilibre*, Métropolitiques, June 22nd, 2022.

where violence is an issue; and where depopulation is a reality. In short, places where their inhabitants feel dispossessed of their own destinies.

So there. The US and the UK saw the ascent of populism with Donald Trump and Brexit in 2016—the outgrowth of the scar left by increasing inequality. In Europe, social democracy’s decline has been met with the far right’s rise. In Finland, despite sky-high approval ratings, Sanna Marin performed worse than the Finns Party, losing her premiership in 2023, while in neighboring Sweden, the far right has been part of the leading coalition since 2022—the same year that Giorgia Meloni, known for her belief that fascist leader Mussolini was a “*good politician*”, climbed to power in Italy. In the Netherlands, Geert Wilders won almost a quarter of the seats in the 150-seat parliament in the fall of 2023; in France, despite massive rejection of its candidates by the French in the July 2024 snap elections, Marine Le Pen’s party attracted enough voters for it to become the largest of the National Assembly; and in Germany, AfD sent shockwaves with its historic performance in an election in the eastern state of Thuringi. Meanwhile, Trump has remained a towering presence over one of the two parties that can shape the future of America despite his attacks on democracy and his legal woes. All promote a politics of grievance.

That the West went from enjoying the grotesque abundance of the *Trente Glorieuses* to staring into the political abyss in less than a generation should be a wake-up call for anybody who pays attention. Today’s far right is not just obsessed with immigration. Political scientist Juliana Chueri warns that populist radical right-wing parties in Western Europe have almost without exception shifted their position on distributive issues, now advocating for a “dualistic” welfare state: Preserving and expanding consumption policies for the “deserving” and pursuing austerity and workfare measures for social policies targeting the “undeserving”¹. They are reintroducing that same, poverty-enhancing divide that existed in medieval Europe about the deserving/undeserving poor—a dichotomy that modern societies gradually got rid of. With the advance of the far right, decades, if not centuries, of progress could be lost.

1. Juliana Chueri, *An emerging populist welfare paradigm? How populist radical right-wing parties are reshaping the welfare state*, Scandinavian Political Studies, 45:383–409, 2022.

A BREAK WITH HISTORY?

Progress indeed. Thanks to major transformations, we are now treating the poor better than at any point in History. Extreme poverty has virtually disappeared in the West since the 1960s¹, and vast segments of the population are materially better off and enjoy an increasing diversity of rights than during the feudal era. The 1789 French Revolution introduced a modern paradigm throughout Europe regarding poverty and the need to cure its root causes rather than its symptoms. Inspired by the Enlightenment’s progressive ideas but also by major political figures such as Turgot and Necker, the *Comité de mendicité* set up in 1790 conducted major work that led to restructuring assistance for the poor (the “*non-proprietary class*”) while helping to deregulate access to work for those who could care for themselves—a major break from feudalism, when said access was heavily regulated.

In his *Memoir on Pauperism*, Alexis de Tocqueville observed that, at the dawn of the feudal era, “*the cultivator became a tenant-farmer instead of an owner. Inequality was legalised; it became a right after having been a fact. Feudal society was organised and the Middle Ages were born*”. At its twilight, Adam Smith cheered in the *Wealth of Nations* the perspective of modern societies doing away with the feudal laws, guilds, corporations and other apprenticeships that very tightly regulated labor markets, preventing individuals from freely embracing economic opportunities, and generating ever more poverty, including for people seeking alternatives to slaving in their lords’ fields.

These new, immense efforts resulted in vastly reducing poverty among the advanced economies over time. Yet, a basic, at-birth inequality remained: Some are born poor, some are born rich. Today’s trends are deepening, and we might have never managed to come close to addressing this challenge: Research² on the family origin of members of the contemporary English elite and that of members of the same class in the 12th century has concluded that

1. OECD, *How Was Life, Vol. II: New Perspectives on Well-being and Global Inequality since 1820*, March 25th, 2021.
2. Gregory Clark and Neil Cummins (2014). *Surnames and Social Mobility in England, 1170-2012*. Human nature (Hawthorne, N.Y.). 25. 10.1007/s12110–014–9219-y.

the same families remained in place 800 years and 28 generations later; similar conclusions hold, for instance, regarding the elite of the city of Florence, Italy¹, or in countries that had been known for their embrace of egalitarianism, such as Sweden and Japan².

Inequality, and the resulting freedom deprivation for many, remain a challenge, not least because deciphering its root causes implies taking a hard look at the fundamental power structure of societies. But worst of all, since the decline of social democracy, no major vision has emerged to promote progress and emancipation for future generations, precisely at a time where finding new tools in favor of decreasing inequality has become an imperative to preserve democracy.

“AN INHERITOR OF SOMETHING TO BEGIN WITH”

Putting a system of universal capital endowment in place could correct a main source of inequality. An ambitious formula would offer \$50,000 over 5 years to any citizen reaching the age of 18, to start a business, obtain a college degree, or acquire property. This would come in addition to existing welfare state policies, as this mechanism is not meant to replace any among the latter. The idea was reintroduced in the contemporary debate by various figures such as London’s School of Economics professor Julian Le Grand, French banker Bernard Berteloot or Yale’s scholars Bruce Ackerman and Anne Alstott³ starting in the late 1980s, when inequality became a concern for a few, prescient observers.

1. Guglielmo Barone and Sauro Mocetti, *Intergenerational Mobility in the Very Long Run: Florence 1427–2011* (April 28, 2016). Bank of Italy Temi di Discussione (Working Paper) No. 1060.

2. Gregory Clark, *The Son Also Rises: Surnames and the History of Social Mobility*, Princeton University Press, 2014.

3. Julian Le Grand and Saul Astrin, *Market Socialism*, Oxford, 1989; Bernard Berteloot, *Un capital*, Christian/JAS, 1996; Bruce Ackerman and Anne Alstott, *The Stakeholder Society*, Yale University Press, 1999.

Yet the idea is not new: notably, Marquis de Condorcet came up with the concept in an essay¹ written in 1793–94. However, it is a man with whom Condorcet collaborated, Thomas Paine (1737–1809), a revolutionary born in England who became famous in America for his seminal ideas and best-selling pamphlets before becoming a lawmaker in post-1789 France, who advocated passionately in *Agrarian Justice* (1797) for the creation of “*a National Fund, out of which there shall be paid to every person, when arrived at the age of twenty one years, the sum of fifteen pounds sterling, as a compensation in part, for the loss of his or her natural inheritance, by the introduction of the system of landed property*” so that every individual born in what is an unequal civilization—where some own lands and others don’t—“*shall inherit some means of beginning the world*”.

The Englishman espoused the egalitarian and liberal traditions of his era, whereby access to self-employment was seen as key to avoiding poverty and to attaining standing as free equals in society; yet, the egalitarians also saw that self-employment could be threatened by sickness, old age or disability and were consequently among the first ones to propose a social insurance scheme². Paine pondered:

Would it not, even as a matter of economy, be far better to adopt means to prevent their becoming poor? This can best be done by making every person when arrived at the age of twenty-one years an inheritor of something to begin with.

In his profound essay, Paine does not set himself up as an opponent of property but defends the cause of those who have been deprived of it at birth. He notes that the emergence of civilization has produced great poverty and inequality between the richest and the poorest, with barely any traces in the more primitive societies. These societies did not, however, enjoy any of the advantages of agriculture, science, industry, or the arts proper to civilization and its development. According to Paine, there is no turning back: These assets have enabled the human population to grow, but to such an extent that

1. *Sketch for a Historical Picture of the Progress of the Human Mind*, published in 1795.

2. Elizabeth Anderson, *Private Government: How Employers Rule Our Lives*, Princeton University Press, 2017.

the expanses of land that each individual would now need to feed themselves using the techniques of the natural state (hunting and gathering) would be far too great to ensure the survival of all—otherwise, precisely, than by further developing the advantages that civilization procures. I would call it the Paine paradox: There is no going back, and yet, while we need ever more of its benefits, civilization generates growing inequality among us.

Paine wishes to correct those injustices. *“Every proprietor therefore of cultivated land, owes to the community a ground-rent; for I know no better term to express the idea by, for the land which he holds: and it is from this ground rent that the fund proposed in this plan is to issue”*. The goal is to offer an “indemnification” to those who suffer from the original spoliation created by the emergence of private property and which has since generated *“a species of poverty and wretchedness that did not exist before”*. To compensate for this, Paine suggests distributing 15 pounds to all at majority—enough to buy a cow and equipment to cultivate a few acres of land. Paine concludes his reflection in *Agrarian Justice* by observing: *“It is not charity but a right, not bounty but justice, that I am pleading for. The present state of civilization is as odious as it is unjust. It is absolutely the opposite of what it should be, and it is necessary that a revolution should be made in it”*. While Paine was concerned with abject poverty, today’s key difference would be that the distribution of an endowment would also focus on correcting inequality.

THE MORAL CASE FOR A CAPITAL ENDOWMENT

I made the moral case for a capital endowment in a 2019 book¹ in which I argued that a universal system of endowment for youth is not simply a rebalancing force for equality of opportunity toward a more complete realization of one’s potential. It also is a cornerstone of a fairer society in which a flaw of the original social contract is corrected. I confronted the concept to the idea of *justice as fairness*, as established by John Rawls in *A Theory of Justice*², first

1. Niels Planel, *Abolir l’inégalité*, Librio, Paris, 2019.

2. I refer in the next paragraphs to the 1999 revised edition, published by Harvard University Press.

published half a century ago, generalizing and carrying to a higher level of abstraction the traditional conception of the social contract. In our age, the social contract allows for citizens to evolve in a society where their rights are guaranteed and protected and their duties clearly stated. Yet this contract is flawed, for some are born rich, and some poor, which prevents the latter from realizing their full potential, everything else being equal: As Rawls anticipated, there are pervasive inequalities that deeply affect “*men’s initial chances in life*”. This resonates with the reality that many of the poor in advanced economies are young: For them, upward mobility is an empty promise. A powerful tool of distributive justice, the universal capital endowment system directly tackles this social contract’s defect and contributes to breaking the generational transmission of poverty.

AN ENDOWMENT SYSTEM RESPECTFUL OF THE TWO PRINCIPLES OF JUSTICE

As Rawls built the case for justice as fairness, he advanced two fundamental arguments to support it: the greatest equal liberty principle, on one hand, and the difference and the fair equality of opportunity principle, on the other. In this framework i) each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all; and ii) society can tolerate social inequality just as long as it provides benefits to everyone, and particularly to the most disadvantaged citizens, and it must maintain positions that are open to all. From that perspective, a universal system of endowment does not prevent someone else from achieving their project while I accomplish mine with the endowment I receive. Another citizen’s liberty and mine do not collide, but both of ours are enhanced thanks to an endowment that enables everyone to realize projects that would have been far more difficult to achieve without it.

This endowment provides benefits to the most disadvantaged in two ways: Directly, through the endowment itself; and indirectly, as it creates a better educated citizenry (through higher education), a wealthier economy (through potential profits to be made and trickled down through the innovation generated by entrepreneurship) or extended ownership (through improved

access to real estate). Some form of social inequality would still persist under the endowment system, but overall, there would be a net improvement for the disadvantaged compared to the present situation as they would have many more opportunities to achieve their potential regardless of their social origins. While this system may leave some other sources of inequality unaddressed—including in terms of outcome achieved through the use of an endowment—it is firmly grounded in a Rawlsian idea of fairness. Lastly, newly empowered citizens would have equalized prospects of occupying various positions of influence: A smarter citizen, a wealthier one, or one that is not preoccupied with losing a home, could dedicate more time to running for office, defending causes she deems important, or using freedom of speech, among other things.

UNIVERSAL OR MEANS-TESTED?

Rawls also insisted that “*in a property-owning democracy the aim is to carry out the idea of society as a fair system of cooperation over time among citizens as free and equal persons*”. In today’s society, a fair system of cooperation among free and equal persons is not a reality: even if the laws protect property, even if regulations ensure fair economic competition, and even if access to higher education is open to all, an individual starting in life with no wealth whatsoever is obviously disadvantaged compared to the child of a wealthy family that can offer vast amounts of resources to help set up a business, purchase a house or cover a college program’s tuition fees and related expenses. By contrast, a universal endowment system institutes a society as a fair system of cooperation, as advocated by Rawls: while it leaves the above-mentioned institutional arrangements untouched, it allows for citizens to interact as free and equal persons.

It must be noted that the proposed system also handily meets the test of Rawls’ veil of ignorance. Per Rawls’ thought experiment, “*the idea of the original position is to set up a fair procedure so that any principles agreed to will be just. (...) Now in order to do this I assume that the parties are situated behind a veil of ignorance. They do not know how the various alternatives will affect their own particular case and they are obliged to evaluate principles solely on the basis of general considerations*”. I cannot think of an individual situated behind a veil

of ignorance who would, if offered an endowment, decline it: the prospect of being offered some money, especially in a fair way where everyone benefits, can only be appealing to all, including morally.

Some may regret that the system is conceived of as universal, hence also benefitting individuals who can rely on inheritance or significant family donations. I posit that this is not a concern so long as the projects it is intended to implement or promote (acquiring a property, setting up a business or getting a higher education diploma) are within financial reach of the poorest individuals of the society. Under the difference principle, Rawls clearly stated that “*while the distribution of wealth and income need not be equal, it must be to everyone’s advantage (...)*”. Its universalism will make it morally acceptable to various segments of society. Lastly, in many cases, such as for education, there is only so much one can spend on tuition so it doesn’t matter whether one person has much more financial means than another: Once the endowment helps cover the fees, the rent and food a student needs, it puts all the students on an equitable footing to compete and fulfil their academic potential. Similarly, from the perspective of equity, what matters in acquiring a property is not so much the dimension or architecture of the house as a roof over one’s head, without the fear of becoming destitute. So that then one can potentially start a business, politics or a family—a challenge for young generations facing an expensive housing market. (In children-scarce societies, it could also ease the economic cost of having babies, with parents not needing to save for their future). In the case of a business, while \$50,000 may not be enough when competing with other entrepreneurs with far more resources, it is nonetheless a significant amount and achieves a key objective which is to level the playing field in this respect, regardless of gender, race, ethnicity, or religion. We know that access to credit is often limited in the poorest communities and may also be subject to the good will or the prejudices of a banker or investor. It also increases risk-taking behaviors among all young entrepreneurs and is thus likely to spur innovation across society. This plan could also help each generation tackle the challenges it faces with private sector solutions. Think no farther than climate change today, which requires a long list of technologies to foster mitigation and adaptation efforts.

MONEY WASTED?

The notion that funding would be wasted if given to all with no substantive strings attached is a recurring argument against such policies, especially when it concerns the truly disadvantaged. I certainly do not subscribe to the view that the poor are inferior in any way to wealthier segments of society; the poor are poor, not by birth, but because of cumulative adversity: key elements of their ecosystem prevent them from realizing their potential. Capital is scant, discrimination is high, schools are underfunded, local transportation system is dysfunctional, police forces are overwhelmed by the severity of the challenges, healthcare is inadequately provided, etc. Nobel of economics Amartya Sen observes that “*real poverty (in terms of capability deprivation) can easily be much more intense than we can deduce from income data*”¹; he advocates instead an approach assessing one’s “capability” to fully realize her potential in a given era. In this regard, an endowment also enhances capability.

For the sake of argument, however, I will briefly discuss the notion that, beyond income, wealthier parents’ offspring most likely have access to a better education during their upbringing, to a wider network, and to more information as to how to orient themselves in life, thus offering them a better optimization of their assets.

The system I am putting forward supposes that decent, free public education remain accessible to all until the end of high school, as is mostly the case in OECD countries. I accept that it will not be enough to correct for the initial absence of assets and the management of a new endowment. Additionally, through its complexity, our world differs from Paine’s, where most people were farmers and starting a life essentially meant having a plot of land, a cow and some tools. In order to correct for any potential disadvantage and to limit abuse, I thus propose establishing an agency to advise young individuals on how they can spend the endowment, build capacity in this regard (through financial literacy and advice on the type of

1. Amartya Sen, *The Idea of Justice*, Harvard University Press, 2009.

studies to pursue or business to start, and what sort of property to purchase, which would also benefit the whole society overall by making young citizens more responsible). It will also ensure that the funding is not spent on projects outside the proposed scope. Concurrently, private-sector-driven innovation could provide complementary approaches to offering guidance and orientation. But it is important to emphasize that this policy is not meant to replace existing ones in the modern economies' welfare states but would only complement, if not reinforce, existing schemes. Harvard sociologist William Julius Wilson observed that “*agency is expanded or inhibited by the circumstances people confront. These include interactions in families, social networks and institutions in distressed environments, including neighborhoods featuring racial constraints*”¹. For the poorest to expand their agency, policymakers need to address these challenges in a holistic way; an endowment is an additional, powerful tool in this context but would not function by itself alone.

THE IDEA IS GAINING GROUND AMONG ADVANCED ECONOMIES

In 21st century America, a seminal study² authored by Darrick Hamilton and William Darity Jr. and focusing on “baby bonds” (of amount of \$50,000 to \$60,000) has found an echo in US politics. The Senator and former presidential candidate Cory Booker proposed “American Opportunities Accounts” and reintroduced the proposal in 2021, an idea that garnered the support of no less than 15 senators³.

1. William Julius Wilson, “The Travails of Urban Field Research.” Review of *On the Run: Fugitive Life in an American City*, by Alice Goffman, and *This Ain't Chicago: Race, Class, and Regional Identity in the Post-Soul South*, by Zandria F. Robinson. *Contemporary Sociology*, 43.6, November 2014.

2. Darrick Hamilton and William Darity, Jr., *Can 'Baby Bonds' Eliminate the Racial Wealth Gap in Putative Post-Racial America?*, *The Review of Black Political Economy*, May 31st, 2024.

3. Politico, *Booker reintroduces 'baby bonds' bill to give all newborns a \$1K savings account*, February 4th, 2021.

Currently, a quarter of US States' legislatures are showing interest in such programs but none has come closer to implementation than Connecticut, the first State to pass legislation in 2023 enacting a baby bonds program¹. Endowing the poorest with some capital to start adulthood was seen as key to break the generational transmission of poverty: Since July 1st, 2023, eligibility is automatic to the extent that the new born is covered by HUSKY, the State's Medicaid program. The State invests US\$ 3,200 in the Connecticut Baby Bonds Trust², which is already funded for 12 years, on behalf of each child born in poverty (for an average of 15,000 babies every year). The initial grant is invested in the financial markets and the later it is claimed the more it is likely to yield—between \$11,000 and \$24,000 per individual. The grant can be cashed between the ages of 18 and 30 to launch a business, acquire a post-secondary degree, purchase a home, or save for retirement. To claim their benefits, citizens must have acquired some financial literacy by completing a course, and to remain eligible, they need to be Connecticut residents: it is expected that resources will be re-invested locally, in the housing sector, the economy or the universities. Children born in poverty may re-invest their funds in their own, often impoverished, communities, thus fostering inclusive growth. Regulations are being designed to develop a claim process; while State officials concede some individuals might try to circumvent the rules, they believe most are likely to use their endowments for the original goals. A similar, \$100 million program in California will target minors from the foster-care system³.

In the United Kingdom, Labor leader Gordon Brown (2007–2010) set up an experimental “Child Trust Fund” in the early 2000s. When introducing the policy, Prime Minister Tony Blair (1997–2007) declared⁴: “*Piece by piece we are dismantling the barriers that hold people back from developing their potential to the full*”, in order to create a “*real land of opportunity for all*”. While the 2008 financial crisis and the political changes that followed put an end to the experiment, more than 5 million Britons reaching the age of majority since

1. Niels Planel, *American States Are Quietly Embracing the 'Baby Bonds' Revolution to Fight Inequality*, Harvard Kennedy School Students Policy Review, April 8th, 2024.

2. CT Baby Bonds. Available at: <https://portal.ct.gov/OTT/Debt-Management/CT-Baby-Bonds>.

3. AP, *California OKs 'baby bonds' to help combat child poverty*, July 22nd, 2022.

4. BBC, *Blair banks on baby savings scheme*, April 27, 2021.

September 1, 2020 and until January 2029 are eligible to receive their shares of the £ 9 billion in baby bonds¹ held in accounts opened at birth and topped up by the government according to the families' level of wealth.

In France, under right-wing President Sarkozy (2007–2012), a commission examined a modest, 4,000 euros proposal in 2009², but the financial crisis certainly restrained policymakers in being entrepreneurial. Center-left President Hollande (2012–2017) was expected to make the case³ for a 5,000 euros endowment during a reelection campaign but didn't run again. And while Australia's center-right New South Wales Liberals have introduced a "Kids Future Fund" proposal in 2023 as a pillar of their platform in local elections, in Spain, Yolanda Díaz, originally a politician from the Communist Party, pledged to set up 20,000 euros "universal inheritance"⁴ for Spaniards turning 18. It could indeed be a consensual idea politically in today's highly polarized societies.

“ENOUGH IS NOT ENOUGH”: HOW MUCH SHOULD WE START WITH?

While the challenge of implementing this idea cannot be underestimated, many financing mechanisms have been considered over time, from Thomas Paine and his national fund to a wealth or an inheritance tax, improved steps to tackle tax evasion or restructure tax loopholes, accounts opened at birth bearing fruit from their interest and/or parents' contributions, or even a combination of all of the above. Once economists start putting their brains to work, we will have a better understanding of the price tag of such a major reform but also of the economic growth and numerous benefits it would bring to society. Technical as it is, this proposal can be funded. There remains a fundamental divergence among the advocates of the idea: its amount. In summary, some imagine it closer to \$5,000 while others peg it at \$50,000, or even beyond \$100,000.

1. The Guardian, *£9bn bonanza begins as child trust funds come of age*, August 22nd, 2020.

2. Les Echos, *La dotation en capital pour les jeunes ne convainc pas l'Élysée*, July 1st, 2009.

3. L'Obs, *Un patrimoine universel: l'idée choc du quasi-candidat Hollande*, November 30, 2016.

4. El Mundo, *Yolanda Díaz desvela las líneas de Sumar y plantea una "herencia universal" al cumplir los 18 años a costa del patrimonio de los ricos*, April 27th, 2023.

To guide this debate is a framework developed by Yale's Samuel Moyn, who has renewed the reflection on the fight for equality in a must-read essay¹ that distinguishes between supporters of two ideals of justice, of two imperatives of distribution: namely those in favor of *sufficiency* and those who advocate for *equality*—between those who believe that it is simply necessary to distribute “enough” to make it possible to exceed the poverty line and those who believe that more must be done to achieve equality, including even establishing a ceiling on inequalities. And Moyn is clear: Enough is not enough. A world in which basic needs are met does not prevent the maintenance of major hierarchies, and can even split into two distinct societies with different lifestyles, “*the wealthy towering over their economic inferiors*”. “*At least a modicum of equality in the distribution of good things in life is necessary*” posits the egalitarian, who morally disapproves of such a state of affairs.

Thus, \$5,000 is not enough. One can intuitively think of what a college degree costs or what is required to start a business or acquire a property through a down payment. What would one do with a modest amount to launch a long-term initiative to remove oneself definitively from one's original condition? Who in the wealthier fringe of the population would consider that \$5,000 is a substantial sum to carry out a major project over several years? So why think that people with more economic disadvantages could be satisfied with so little? Conversely, with \$50,000 enabling each and every individual to be off to a strong start in life, would that be such an extravagant amount? A significant amount towards the achievement of equality may be more appropriate than one aimed at sufficiency, which does not enable full emancipation.

A PILLAR OF A RENEWED 21ST CENTURY SOCIAL CONTRACT

In the last chapter of his masterpiece on US democracy, Tocqueville concluded that a “*state of equality is perhaps less elevated, but it is more just; and its justice constitutes its greatness and its beauty*”. A capital endowment

1. Samuel Moyn, *Not Enough – Human Rights in an Unequal World*, Harvard Belknap Press, 2018.

surely honors this very idea: A sign of society's trust in its youngest citizens, it will become a pillar of a renewed, 21st century social contract and foster fairness and optimism at the start of adult life as much as prosperity and well-being throughout existence. In a time and age where too many are dispossessed of their destinies, it is a tool to reclaim one's future. Indeed, its strength is that the promise of social mobility satisfies an imperative of social justice on the Left, while each individual can also better realize her destiny, according to the demand for freedom on the Right.

Why should we be afraid of giving it a try?

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