BJPIR The British Journal of Politics and International Relations
Political Studies Association

doi: 10.1111/j.1467-856X.2009.00378.x   *BJPIR: 2009 VOL 11, 400–421*

Financialisation, Financial Literacy and Asset-Based Welfare

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This article examines New Labour's policies of asset-based welfare in the broader context of financialisation. It argues that these are indicative of a mode of government concerned to alter individual outlooks and aspirations, and that asset-based welfare, as developed by New Labour, is primarily a strategy for enhancing financial literacy. Exploring and identifying the general contours of New Labour's reform of welfare provision (particularly the rise of conditionality and personalisation), the article presents a case study of the Child Trust Fund, its development and marketing. The article closes with reflections on the fate of such policies after the sub-prime mortgage crisis.

Keywords: financialisation; financial literacy; asset-based welfare; Child Trust Fund

Introduction

The sub-prime mortgage crisis poses a fundamental challenge to the New Labour government. This is not only because of the direct effects of the credit crunch and subsequent recession. The crisis undermines (in principle as well as in practice) New Labour's more general attempt to restructure the relationships between the state, the economy and the individual. Under New Labour the encouragement not only of home ownership but of houses bought as sources of profit and guarantees of future financial security has been part of a wider attempt to create an asset-owning society composed of responsible yet risk-taking, financially independent yet economically ambitious individuals. This has not been confined to housing but has involved a range of policies in areas such as health and education (as well as the economy) and also specific policy mechanisms intended to encourage savings, investment and financial planning.

It is in this context that the present article advances the following main argument: that a central aspect of contemporary government in the United Kingdom is the opening up of routes through which a variety of state and non-state agencies may act directly on individuals with the aim of remaking them into people who will be willing and able to care for themselves in an open and financialised economy. Identifying the main contours of New Labour welfare reform, it examines, in particular, policies of asset-based welfare that, as employed in the United Kingdom, have become an aspect of further policies concerned with financial literacy. However, there are important contradictions within this 'governmentality' and also in policies of asset-based welfare and financial literacy. These are made particularly apparent by the sub-prime mortgage crisis.

The article has four main parts. It begins with a general consideration of 'financialisation' and emphasises the importance, in studying this process, of considering its cultural and individual dimensions. The second section addresses the concept of social justice that can be identified as central to New Labour ideology and policy. It is argued that this involves a shift from redistribution to the inclusion of individuals within the mainstream labour and financial markets. The third section focuses on New Labour's interest in asset-based welfare in general and the Child Trust Fund in particular, showing how this is inseparable from an interest in cultivating financial literacy. The fourth section examines the marketing of Child Trust Funds to parents and shows how this connects with the intentions of government. In concluding I consider the contradictions within this process and suggest that they may be of more general significance for contemporary government which has been greatly concerned to create asset cultures. I also reflect on the possible fate of such policies after the 'crisis of financialisation'.

Financialisation: From Macro to Micro

In this first section I review, briefly, some of the scholarly discussion concerned with financialisation. I emphasise the extent to which financialisation has involved a realignment of the relationship between the individual and the global financial market. A range of cultural phenomena can be identified that are connected to that change, which encourage and support it. This raises questions about the full set of mechanisms that may be understood to adapt, directly or indirectly, individuals to financialisation.

The concept of 'financialisation' has been employed by political economists to refer to a variety of phenomena. Some of these are very general: the increased domination of economies by financial markets; greater reliance of corporations upon tradable assets as a source of income; the extent to which national economies have come to rely on foreign investment. Indeed, some have speculated on the possibility of a full-blown, finance-led regime of accumulation (e.g. Boyer 2000). In general, then, 'financialization refers to the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies' (Epstein 2006, 3).

Other phenomena investigated under the rubric of 'financialisation' operate at a lower and more specific level. These include the governing of corporations according to the principle of maximising 'shareholder value' (e.g. Lazonick and O'Sullivan 2000) and the use of financial results as the basis for measuring competitiveness between firms (Froud et al. 2000) in ways that affect management orientations, expectations and strategies (Froud et al. 2006).

Financialisation, then, is an aspect of global markets and of the internal operation of the firm. But it also has an individual or household dimension. Greta Krippner reminds us that in the United States 'deficit reduction in the 1990s was accompanied by—and arguably, predicated upon—a build-up of debt in the private economy unprecedented in the post-war period' (Krippner 2005, 173–208; see also Crouch 2009, in this issue). Such debt levels indicate a change in individual behaviours and—it seems reasonable to presume—a change in individual relationships with finance, perhaps also in expectations and aspirations. In this respect, the general concept of financialisation opens on to a particular conceptualisation of the relationship between the global and individual levels of finance. Thus Ismail Ertürk et al. (2005) show how, from 1980 to 2003, household assets and assets per capita increased in the UK, Germany, France and Italy alongside a decrease in banking savings. This is indicative of the fact that, as Julie Froud et al. (2002, 120) note of what they term 'coupon-pool' capitalism, 'the financial markets are no longer simple intermediaries between household savers and investing firms but act dynamically to shape the behaviour of both firms and households'. That is to say, there has been a reduction of the distance between high finance and everyday life, a lowering of the barriers between global banking and household finance. As one commentator put it, writing as the 'new economy' was beginning to take recognisable shape in the 1990s, 'in the high-risk society, workers, business, and countries must start thinking like investors in the financial markets, where the only way to consistently achieve success is to accept risk' (Mandel 1996, cited in Martin 2002, 34). Randy Martin (2002) demonstrates that the culture of financialisation is predicated on just this kind of conceptual and practical equivalence between workers, businesses and government, all of which are imagined to act within a comparable context experiencing the same kinds of decisions and actions as desirable and necessary.

In the United Kingdom this intersection of the everyday, domestic and individual with global capital flows is concretely expressed in the spread of endowment and investment-backed mortgages, stakeholder pensions and an increased range of products for everyday investors (see also Leyshon and French 2009, in this issue). It is also, therefore, expressed in the expansion and adaptation of the marketing of financial products (encouraged as well as facilitated by national government). Toni Williams (2007, 230) notes how financial firms have extended their marketing into educational public-awareness campaigns giving advice on using financial products, sponsorship of financial literacy drives, investment clubs, competitions and awards for young people.

This has been accompanied by a rise in subsidiary media products that sustain and support the individual investor. Those playing the stock market via home computer can purchase handbooks and computer technologies to help them, and join online communities such as the Motley Fool (see Martin 2002, 77–83). In addition to these specialist products are personal finance pages in mainstream newspapers and a range of popular media and television programmes. As Cathy Greenfield and Peter Williams (2007, 418) put it, in an Australian context, finance media are an 'informal education apparatus' that contribute to the development of a particular 'finance rationality'. The rhetoric of financial journalism seeks to inculcate 'an identity as shareholders or would-be shareholders, characterised by financial independence (or the struggle to attain it), seized by aspirations and disposed to consider events as opportunities for investment' (Greenfield and Williams 2007, 419). Nuria Lorenzo-Dus (2006, 757), in a detailed study of the content and style of British television property programmes, shows how these 'promote certain lifestyles rather than simply offer a series of arguments for and against them' and suggests that they 'enjoy an element of power in the construction of hegemonic beliefs and values around the spheres of domesticity ... and business'.

These adaptations in financial products, in their marketing and in subsidiary media, presuppose and thus attempt to constitute persons as savers and investors thinking in terms of risk and reward. They are part of larger processes that have the potential to alter the ways in which people understand finance and their relationship to it. This cultural dimension to economic and financial phenomena is recognised by political economists attentive to developments in rhetorical, discursive and semiotic analysis or to 'culturalist' concerns more generally (see Jessop and Sum 2001; Jessop 2004; Aitken 2007, ch. 1). With regard to financialisation the interaction between culture and economy has been understood in terms of a hegemonic struggle in which culture is the site of co-option through the development of a 'mass investment culture' that legitimates global finance (e.g. Harmes 2001). Alternatively it has been conceived in terms of a more general 'culturalisation' of the economy (Lash and Urry 1994) that attends to, for instance, the 'cultural circuits of capitalism' composed of the interactions of business schools, management consultants and specialist financial media (Thrift 2001) and implicated in the propagation and justification of a 'new spirit of capitalism' (Boltanski and Chiapello 2007).

Rob Aitken shows, in his studies of earlier waves of 'mass investment culture', that attempts to integrate ordinary consumers into high finance have a much longer history (at least in the United States) than is usually acknowledged (Aitken 2005). A challenge for analysis, then, is to identify the specific contemporary arrangement of economic and cultural technologies that act on what Paul Langley (2007) calls the 'investor-subject'. Here financialisation is understood as forging a new 'technology of the self', a way in which persons relate to themselves and plan and evaluate their actions. Such technologies are numerous: new kinds of investment or credit that set new frameworks for decision-making; advertising and media promotions of ideal ways of thinking and deciding. But government is also a key instrument. Financialisation is intimately related to the reconfiguration of welfare states, their retrenchment and the transfer of risk and responsibility from the collective to the individual, engendering changes in those individuals' general experiences—in the problems they must resolve and the structures within which they take decisions.[1] At the same time government opens up routes through which a variety of forces can act on individuals' choices. This is not simply a matter of how national governments are complicit with 'global capital', securing its ideological legitimacy at the level of the subject. It is also how government reinvents and establishes new roles for itself, in the context of the reallocation of risk from collective to individual and the delegitimisation of interventionism.

Diverse forces converge on the 'financialised' subject. The 'cultural constitution' of a 'financialised mentality' is not confined to economic policy or macro-level policies. In the next two parts of this article I want to shift attention from a direct focus on financialisation and look at British government policies in relation to welfare, assets and, ultimately, financial literacy.

New Labour and Social Justice

Over the last 10 to 15 years New Labour, first as a party and then as a government, redefined the concept of social justice. In contrast to a common perception (in academic as well as public life) that New Labour has simply abandoned the value of social justice and has complied with a global 'neo-liberal' ideology in reducing government involvement in economy and society, in this section I show that the New Labour administrations have *reinvented* the legitimacy of state intervention into, and regulation of, social and individual life and that they have done so, in part, through a *revision* of the concept of 'social justice'. This has involved a reorientation of government welfare policies so that they are focused on minimising 'exclusion' from the mainstream labour market. In turn this has led to the invention of policy tools and mechanisms that aim to change institutional and individual orientations and dispositions. These have come to focus much more generally on individual outlooks of all kinds—towards diet, parenting and health for instance as well as towards finance.

We can bring this into focus by comparing the general philosophy of New Labour with that of social democracy as it was expressed earlier in the 20th century (see Sassoon 1996). 'Traditional' social democracy, if we may speak broadly and generically, identified class as a fundamental aspect of social and economic reality. The economy—and thus society—was understood as structured by a relationship between employer and employee that contained an intrinsic element of unfairness. The capitalist employer extracted profit from the labour of the worker. While some elements of the left wanted to abolish this relationship altogether, many social democrats, including many within the British Labour party, could accommodate to it in the short term, so long as its effects were ameliorated through the overall management of the fundamental sectors of the economy and by the redistribution of profit (i.e. its collection via taxation and transformation into the collective provision of services, and of a welfare safety net with an egalitarian goal).

This aspect of the social democratic theory of society and economy has *not* been part of the ideology of New Labour. New Labour's ideologues rejected the idea that the relationship between worker and employer was intrinsically exploitative. This is the philosophical significance of the revision of Clause IV of the party constitution. Instead, they argued that globalisation was an economic challenge that put all into the same boat (see Blair 1998; Giddens 1998); that the intensification of the knowledge, finance and service economies, and the extent to which these supplanted industry and manufacturing, fundamentally altered the nature of labour and the relationship of workers to employers. Successful firms, it was thought, would harvest the knowledge, creativity and skill of employees who should be thought of as innovators and improvers rather than mere appendages to machines; their dynamism would be the fundamental force of growth and prosperity (see Jessop 1994; Torfing 1999; Finlayson 2003, ch. 5). Since such 'human capital' is the source of competitive advantage for organisations, workers would find themselves targets of investment rather than objects of exploitation (in the way that Google or Apple provide employees with a supportive total environment within which they can be 'creative' individuals). In short, New Labour does not regard 'the cash nexus' as a wrong in need of righting.

This line of argument can legitimate the effective abolition of a concept of social justice. Since there is no social injustice there is nothing for the state to correct. However, this was not the conclusion New Labour drew. On the basis of its analysis of social and economic change, and its rejection of the fundamental nature of the relationship between capital and wage labour, New Labour, perhaps paradoxically, *expanded* the concept of social justice and the remit for governmental action that it legitimates. Instead of consisting of the direct resolution of economic unfairness New Labour came to see social justice as lying in the amelioration or abolition of all kinds of 'social exclusion' and 'disadvantage' derived from ethnicity, gender, sexuality, disability and so on (see Levitas 2005). It understood social class as something of the same type as these: a background condition that, either because of its effects on individuals or because of the prejudice of others towards it, sets limits to opportunities and to the capacity of individuals to, in Tony Blair's phrase, 'maximise potential'. This provided a utilitarian justification for the pursuit of social justice. Individuals able to 'maximise potential' will use up less of the common resource in welfare and contribute more in terms of productivity. This argument, developed by Labour's 1994 Commission for Social Justice, was often made by Blair (e.g. Blair and Schroder 1999; Blair 2001) as well as David Blunkett (2000a and 2000b) and has been repeated by Gordon Brown (see Brown 2005a and 2007; also Buckler and Dolowitz 2000 and 2004; Finlayson 2003; Dolowitz 2004).

On the basis of this conception of social justice as the abolition of impediments to inclusion within the labour market, New Labour also reinvented the justification for interventionist government. That intervention did not involve high-level mediation of the relationship between capital and labour or extensive regulation of corporate activity. Social justice was not pursued directly by economic means. To be sure, New Labour did—importantly—introduce economic measures to ameliorate extremes of poverty such as the minimum wage and family tax credits. But in its concern to integrate individuals within the mainstream labour market it reformed benefits so as to 'make work pay' and developed means of social policy that have become increasingly 'cultural' in that they try to act on individual and communal values, perceptions, aspirations and attitudes (see also Lister 2003).

These 'cultural' policies include, for instance, tackling prejudice and discrimination that might block people from full participation in labour. This is evidenced in: extensions to the Disability Discrimination Act and the creation of the Disability Rights Commission; legislation to prevent discrimination based on age; commitments to eradicate race discrimination in the labour market (e.g. Cabinet Office 2003); the conversion of equality promotion into a positive duty for public bodies; and legislation on religious discrimination. Although many of these have a more general 'human rights' orientation they are all primarily focused on regulating conditions and opportunities in the workplace. These are attempts to 're-engineer' institutions and change the way in which they interact with individuals.

Considerable effort has also gone into developing mechanisms to change the way individuals interact with institutions and, indeed, how they interact with themselves. For instance, welfare service users are encouraged to think of themselves as in possession of resources that they can deploy on various services in the attempt to enhance their own autonomy and responsibility—which in turn primarily means their own labour market mobility and transferability (see Newman and Vidler 2006).[2] This is the general 'logic' of New Labour's welfare reforms.[3]

The refinement of policy so that it targets individual outlooks is most clear with regards to the benefits system. Here New Labour has increased the targeting of services and financial support and placed progressively more emphasis on work over benefits while extending punitive measures for those who do not comply with work-related expectations. That this focus on individuals will be further deepened and widened, as well as its connection to an ideal of social justice as inclusion, is clear in recent government reports and White Papers: the *Freud Report* which restated the importance of an enforced responsibility to take work in return for the rights of social support (Freud 2007, 78–79) and the *Gregg Report* which suggested that conditionality had become 'the central organizing principle on which access to benefits is based' (Gregg 2008, 22). Conditionality is not conceived of as general and purely punitive. Paul Gregg proposed a new regime of '*personalised* conditionality' (emphasis added) that would involve the provision of a personal adviser, as well as access to other forms of personal support that would ensure that people have a clear understanding of the expectations placed on them and of the requirement for them to follow strategies devised in consultation with their adviser.

One purpose of this conditionality (and also a justification for it) is that it will, as Gregg puts it, by getting people into work and off benefits, 'protect the taxpayer'. However, Gregg is also clear that conditionality is the right approach because it will increase participation in work and promote social inclusion by 'imposing requirements on individuals that will shape behaviours and mean they acquire new skills and habits that will improve both their own and their family's life chances' (Gregg 2008, 26). It was on these grounds that the Department for Work and Pensions' (2008) significantly titled White Paper *Raising Expectations and Increasing Support* adapted the Freud and Gregg reports and emphasised not only a tightening of the sanctions regime and greater efforts to tackle benefit fraud but also the importance of not leaving anyone behind; of 'empowering' providers, communities and individuals. It proposed more specialist support, a greater range of agencies and forms of activity focused on individual claimants' needs and also some rights for those claimants, allowing them to control the funds expended upon them.

In their focus on behavioural change, on cultivating a particular kind of autonomy and responsibility within individuals, such measures are a clear part of what has been called the 'social investment state' (Giddens 1998; Lewis and Surender 2004, ch. 8) and of what Blair described as a move from 'the traditional welfare state to the opportunity society'. This is a welfare state in which services 'are personal, diverse and active, founded on high skills' and which perhaps above all will 'put middle class aspirations in the hands of working class families and their children' (Blair 2004).

This last remark reveals the core of New Labour's approach to welfare reform: 'aspirations' have become a direct object of government policy. The attainment of social justice involves raising them, directing them in particular ways and minimising barriers to their fulfilment. Priority thus falls on changing the ways in which people think and act in the world; creating the conditions in communities and families that will be conducive to the maximisation of potential; ensuring that in the workplace and beyond people do not encounter attitudes that restrict this. In a sense, then, social justice ceases to be a specific political goal and is transformed into a thinner yet more general terrain across which government moves and in the name of which it acts on individuals and institutions at a basic level.

This strategy of government is not confined to the benefits system. A range of policy tools and interventions, across domains, can be understood in this light. Because cultures of deprivation and low aspiration can develop in particular geographical locations it is necessary, in the name of social justice and economic development, to devise strategies for the policing of troubled communities: on-the-spot fines, ASBOs, the linking of council-house tenancy agreements to responsible behaviour; the imprisonment of parents whose children are truants. The delivery of a range of welfare services has been restructured so as to enable targeting of the attitudes of those receiving them. Through Sure Start the government can intervene directly into people's shopping habits, childcare, attitudes towards early years nutrition, use of children's books and so on.[4] Through targeted medical services and a one-off 'Health in Pregnancy Grant' the state can intervene *in utero* to ensure that nutritional deficits do not translate into limited *post-partum* life chances and parents can be inspired to eat well and eat for the future.[5] Curriculum reforms across the Key Stages (and, latterly, the preschool Foundation Stage) place greater emphasis than previously on attitudes to diversity, emotional intelligence and financial awareness as well as on the inculcation of skills that have been neglected in the home.[6] Finally, and perhaps in retrospect we should say above all, housing has been seen as a form of welfare in a completely new way—as a mechanism to alter aspirations and create a 'home-owning, wealth-owning, asset-owning democracy' (Brown 2005b; see also Watson 2009b, in this issue). Housing policy has become a branch of social policy, justified not in terms of absolute right or simple inequality but as a contribution to the equalisation of life chances (see Cooper 2007) and, beyond this, as an asset that will enable individuals to take responsibility for their own financial future (see Watson 2009a).

New Labour, far from withdrawing the state from social life, has gone yet deeper into it, reaching what we might think of as the 'atomic' level. It is involved in a wide-ranging project of societal 'engineering' through 're-engineering' individuals. This is a strategy of 'autonomisation and responsibilisation' (Rose and Miller 1992; Rose 1999) evident in education, healthcare, pensions and training. Liability is transferred from the collective via the state to individuals and as responsibilities that once fell primarily on the state are shifted to individuals the state takes up the task of ensuring that those individuals will be capable of carrying out their responsibilities. Just as the state seems to withdraw from one area of social life it extends deeper into individual life seeking to engender within people what are believed to be the appropriate aspirations. In this sense the interventionist welfare state, having been delegitimated and 'rolled back', finds a way to reinvent itself, intervening into and acting upon new objects in new domains.

In sum, then, a range of attitudes and aspirations have become the object of British government policy. In turn a range of policy mechanisms have been invented that open up access to these aspirations and make it possible to act upon them. Here we are particularly interested in policies that concern individual relationships to banking and finance. We turn, then, to asset-based welfare.

Welfare Reform, Assets and Saving

A distinct and significant aspect of New Labour government policy has been an increasing emphasis upon asset-based forms of welfare (Prabhakar 2008). In the view of the government, and as Economic Secretary Ivan Lewis explained in a speech to the Financial Services Conference, 'Asset based welfare is vital to Britain's long term success—to our continued realization of social justice and economic progress in the 21st century' (Lewis 2005). Indeed, asset-based welfare has been presented as a radical new way of achieving egalitarian goals. However, its development is explicable only if placed in the context we have just sketched: that of a government reinventing intervention on the basis of targeting individual aspirations in order to connect people to mainstream markets and conceiving this as the core achievement of social justice. Asset-based welfare policies, as implemented by New Labour, do not have as their primary goal the redistribution of wealth but rather the incorporation of individuals within the mainstream financial system (see Regan and Paxton 2003) and the opening up of opportunities to enhance financial literacy.

Two policies are indicative: the Savings Gateway and the Child Trust Fund. Pilot schemes for the former were initiated in 2002 and in the 2008 budget it was announced that the scheme would go national by 2010. The Gateway targets low-income and financially excluded individuals, offering to match, pound for pound, savings made in special accounts managed by a private bank (in the pilot schemes this was Halifax). The savings period is limited, as is the amount that can be saved. The intention is primarily to get individuals into the savings system rather than to transfer wealth.

Here, we will concentrate on the Child Trust Fund (CTF), which was announced in the 2001 budget and launched in 2005. Under this scheme parents of new children are given vouchers of £250 or £500 (depending on income) which they can invest in a specific CTF account managed by a bank or building society of their choice (from a list of approved providers). Funds can be added (with total amounts restricted) and government will top them up at ages seven and 11. The Fund cannot be accessed until the child is 18 at which time they will have sole access and are free to use the funds as they choose.

The amounts involved in these schemes—although not insignificant for the very poor—are not sufficient to suggest that they will have a large direct impact on inequality. Indeed, there is evidence to suggest that they might have the opposite effect. Discussing how the government should organise the top-ups of the CTF, think tank the Institute of Public Policy Research (IPPR) acknowledged the extent to which the policy could *increase* inequality at age 18, estimating that an account that receives the maximum permitted personal contribution would, at maturity, be worth £31,750 whereas one that receives only the government funding would be worth £2,270 (Maxwell and Sodha 2005). As critics of the scheme pointed out, inequality is better addressed by putting money into the early years (Emmerson and Wakefield 2001). This suggests that either the policy is extraordinarily ill-conceived or that it has something else as its goal.

Intellectual arguments for asset-based welfare are many and varied. They go back to Tom Paine's advocacy, in *Agrarian Justice* in 1795, of a national fund to provide a capital grant and an annual income for all, and also to suggestions made by J. S. Mill (Bynner and Paxton 2001; Regan and Paxton 2001; Kober and Paxton 2002). Rajiv Prabhakar (2008, 9–11) suggests that other diverse influences include Thomas Jefferson, Hilaire Belloc and Quinton Hogg. Asset-based welfare also has a close relationship to ideas such as stakeholding or citizens' income and some recent proposals have shown a radical commitment to wealth redistribution. For instance, Bruce Ackerman and Anne Alstott (1998) proposed an 80,000 dollar grant for all 18-year-olds, paid out of inheritance tax (also Ackerman 2003).

But the major influence upon New Labour was the American academic Michael Sherraden who has long promoted savings schemes for the very poor. Sherraden's approach is consciously directed at altering the outlooks of participants. He argues that income redistribution 'only maintains consumption' whereas assets 'change the way people think and interact in the world ... incomes feed people's stomachs, assets change their heads' (Sherraden 1991, 6). Sherraden's view that 'each individual should be encouraged to develop his or her greatest potential, not only as a matter of humanistic values, but as a matter of the long-term economic competitiveness of the nation, social cohesion, and vitality of our democratic political institutions' (Sherraden 1991, 284) was central to the promotion of asset-based welfare to the government by the IPPR and became central to the government's own justification.[7] The Treasury argued in 2001 that:

> there are indirect behavioural benefits to be gained through promoting saving. There is some evidence to suggest that the *process* of saving has a positive impact on individuals' self-reliance and attitude towards personal development. This behavioural benefit ... offers one important rationale for the Government to become involved in encouraging saving. Many of the direct financial benefits of owning a stock of savings can be delivered through income transfers, grants or loans. The behavioural benefits however can only be realised if individuals are encouraged to develop a 'saving habit' (Treasury 2001a, para. 10, emphasis in original).

Another Treasury report, from later that year, expressed the aspiration that 'the Child Trust Fund, by providing all children with access to a financial asset around which their families and they themselves can start to save, tied into financial education delivered through the school curriculum, would help develop the saving habit in future generations' (Treasury 2001b, para. 1.9; also Treasury 2003). This was further stressed by the financial secretary addressing the Treasury Committee in 2003:

> there are multiple objectives of the Fund. One is to encourage people to build an asset up so they can think about their future in a different way; another is to encourage people to understand the benefits of saving and investment; a third is to encourage a savings habit to be developed and the fourth is to build financial education around the product and to use it to help people make informed choice and become responsible for their own decisions (House of Commons Treasury Committee 2003, 4).

Here it is clear that wealth redistribution has little if anything to do with the policy. In November 2004, Stephen Timms MP, speaking to the Institute of Financial Services and to the British Bankers Association Retail Banking Conference, said that the CTF would enhance opportunities and develop 'financial capability and a responsible culture of saving ... from the earliest years'. It was 'an opportunity too for the industry to build a relationship with individuals from an early age—and with their extended family as well' (Timms 2004a and 2004b).

On the day of its launch in 2005 Gordon Brown described the CTF as part of a vision of a 'strengthened savings culture' and Minister of State for Children Margaret Hodge explained that it was 'not only about giving all children an asset to use when they are 18 and encouraging saving—it is also about improving financial awareness'. It would, she said, bring 'financial education to life and any discussion of the value of saving will be real rather than theoretical' (Treasury 2005). Interviewed on BBC Television's *The Money Programme*, Stephen Timms was asked: 'what do you say to people who don't have children, who see this as a bit of an expensive gimmick?' He replied: 'I would say to them that it's in all of our interests for young people to have the wherewithal to make good choices, to have this sense of financial responsibility which I think the Child Trust Fund is going to be very effective in building'.

There is, then, much evidence to suggest that the government never saw asset-based policies as a way of achieving a direct impact on inequality but as a way of connecting those currently lost to it to the financial services industry. The policies open up new routes through which government can connect directly to individuals and attempt to work on their outlooks, habits and aspirations. Indeed, after an initial period of low take-up of the funds the Select Committee discussed using district nurses as a conduit. There has been increasing emphasis on more direct ways of making contact such as through voluntary agencies or Sure Start. In the promotion of take-up of the CTF the health service has been incorporated so that expectant parents are encouraged before the birth of their child to think about financial planning for his or her future. All of this suggests that these policies are mechanisms for acting on individuals' aspirations and their sense of themselves; tools through which government can connect with children and parents. Asset-based welfare—as it has been developed by the UK government and in the form of policies such as the Child Trust Fund—must therefore be understood in the context of more general attempts to enhance financial inclusion, literacy and capability (e.g. Treasury 2004).[8]

Financial illiteracy has been identified as a central problem by a range of national and international agencies (see OECD 2005). Froud et al. (2007) refer to it as a 'quiet panic'. New Labour has developed a number of mechanisms intended to redress it. It has been a key goal of the Financial Services Authority (FSA) (see Williams 2007) and government is developing a national strategy for standardising and delivering 'money guidance'. This is described as a mechanism 'to change the way people engage with, and manage, their financial affairs ... a key tool to improve levels of financial capability in the UK' (Thoresen 2008, 7). Launching his report into generic financial advice Otto Thoresen, former economic secretary to the Treasury, said: 'I believe that good money sense needs to be as much part of people's lives in the twenty-first century as healthy eating and keeping fit' (Treasury 2008).

As of autumn 2008 'economic well-being' and 'financial capability' were added to the Personal, Social and Health Education school curriculum so that it became Personal, Social, Health and Economic Education. Simultaneously financial skills were incorporated into the GCSE maths curriculum. Of the £11.5 million government is spending to support the teaching in schools of financial skills, a 'substantial part ... will be used to develop Child Trust Fund branded teaching resources' (Treasury 2007, para. 24). A variety of state, semi-state, charitable and private agencies are aiding in curriculum development and delivery.[9] The national curriculum Programme of Study Guidelines for Key Stage 3 of Economic Well-being and Financial Capability set the following goals: pupils should be able to 'manage their money, understand financial risk and reward, explain financial terms and products, identify how finance will play an important part in their lives and in achieving their aspirations' (QCA 2007, 230).

In the UK, asset-based welfare policies are part of a broader strategy for altering aspirations by inculcating financial literacy and shifting attitudes towards money from an old-fashioned focus on wages, cash and short-term expenditure towards a new-economy focus on wealth and assets, savings and investments for the long term. This involves the transfer of knowledge and skills but also of a certain kind of ethos or orientation towards finance and towards the self. This brings us back to 'financialisation'.

Marketing the Child Trust Fund

At the start of this article we saw how the process of financialisation can be understood to take place not only at the high level of global finance but at the specific level of the individual. Here, a range of forces act on the cultural perspectives and dispositions of individuals. We have now seen how, as part of a more general reinvention of the nature and purpose of government intervention, New Labour has developed a variety of means to open routes directly to the values and aspirations of individuals. We have also seen how through forms of asset-based welfare it seeks to act on individuals' orientations towards and understanding of finance. Through developing policies such as the CTF and the Savings Gateway the government makes it possible for a range of forces to act on individual attitudes and orientations to finance. These forces are not solely controlled by government. Government attempts to oversee the process but it also draws in other actors such as specialist organisations concerned with financial education, credit unions, its own semi-independent agencies, such as the FSA, and also, of course, the banks and building societies. One question to ask, then, is how this all combines to act on the actual recipient. In this section I want to look briefly at the marketing of the CTF by government and by providers. The implementation of a policy such as the CTF is also the opening up of opportunities for state and non-state agencies to access individuals and attempt to act on their conceptions, to influence or educate them. For this reason the marketing of the Fund should be understood not as an adjunct to the policy, in order to make it known, but as an important part of the policy itself.[10]

Throughout 2005, through a combination of television, print and online advertisements as well as leaflets, pamphlets and a website, the government sought to inform parents of the CTF. At first, the campaign was not highly successful and there were initial problems with the take-up of the vouchers. After the initial launch in January (disrupted by the general election of that year) a second offensive had to be launched in the autumn after complaints from some providers such as Nationwide (see *Money Marketing*, 24 November 2005, 25). Reminder leaflets were then sent to parents.[11] The overall aim of the campaign can be understood not only as the promotion of the policy but also to inform parents, instruct them as to its use and, more generally, promote attitudes associated with it.

The launch campaign of the CTF took place under the slogan 'What will yours grow into?' This was appended to posters of babies dressed as judges and stock-market traders and to a television advertisement featuring a toddler sent out on to the football pitch to defeat the adults by scoring the winning goal.[12] Online banner adverts represented the CTF as, for example, a parachute (to give kids 'a jump start'). The official government leaflet on the Fund used the slogan 'You don't know what your child will become but you can help them become it'. It was illustrated with pictures of various kinds of footwear—a trainer, a welly and a ballet shoe—accompanied by the caption 'World cup hero, zoologist, prima ballerina'.

The government branded the CTF with a message combining the importance of saving with a particular kind of future-oriented aspiration (partly involving the securing of advantages for your child). The central pun—growing children and growing investments—while of course humorous, nevertheless establishes a kind of conceptual homology between the two, converging on the thought that both need tending, careful planning and strategic management if they are to win out over others in the long term.

The government is not the only source of marketing of the CTF. Parents also receive promotional materials produced by the banks and building societies involved. Some of these are gimmicks. Shortly after the launch of the CTF various offers emerged ranging from a 'heffalump' soft toy from Barclays to in-store savings and discounts for those using Sainsbury's Bank. Overall, to a notable extent, the marketing produced by the industry endorsed the approach of the government. Promotional literature from Barclays/Woolwich/Family investments explained that: 'The Government's aim is that the Child Trust Fund will give the next generation a real financial advantage in adulthood, which could form the basis of a lifelong investment habit that will fund them through their working life'. Lloyds/TSB (in partnership with the Children's Mutual/Baby Bond) informed parents that with the funds children 'will be learning a valuable lesson from your example. You'll be showing them the real value of saving. They'll see for themselves just how important it is to always look to the future and plan for the life they want to lead'. Halifax also said that the government's aim was 'to help parents educate their children about the benefit of saving'. Likewise, Abbey's promotional literature said that 'The government hopes to educate youngsters about the value of money from an early age. They also want to give young people a basic understanding of financial products and to strengthen the savings habit of future generations. One of the ways in which they hope to achieve this will be to talk about Child Trust Funds in schools'. Nationwide said that 'The Child Trust Fund is a Government initiative designed to encourage both parents and children to save or invest tax-efficiently. It aims to ensure that children have some money behind them to help make the transition into adult life when they reach 18'.

The extent to which these privately produced promotional materials make direct reference to the governmental origins and intentions of the Fund is perhaps surprising. It may indicate a desire to identify the limitations or failings of the product with the government or the very opposite—a desire for the legitimacy that may be believed to flow from a government endorsement. Whatever the case, the materials reinforce the educational function of the Fund. But this is not all that the banking industry's advertising promotes. Intended to sell products these also entice parents by indicating what the Fund might be used for and how its use might reflect well on those responsible. In particular they promote a particular kind of future-looking parenting and a particular kind of consumption. The brochure from Lloyds/ Children's Mutual declares:

> In a nutshell, the Child Trust Fund is about your child and their future. It's about giving your child an 18th Birthday present which could help provide them with a flying start to their adult life ... Just for a moment, try to imagine the difference a significant sum paid to you on your 18th birthday would have made to your own life. This is the difference you, your family and friends could make to your child's future.

Halifax presented a picture of a girl building a model of the Canary Wharf tower with the slogan 'Build a better future for your children'. Parents were advised that 'The happiness of our children is the biggest investment we ever make ... we all want the best for our children', and that:

> The best thing about bringing up children is watching how their hopes and dreams develop. Some are quite predictable—being top of the class, winning sports day, learning to drive, getting the keys to their first house. But others, given the right financial support, could be life or career forming, bringing fulfilment to their lives and to yours ... You can help to give your child that support when they reach 18 years of age with the Halifax Child Trust Fund ... Start preparing for their brighter tomorrow.

Nationwide included pictures of kids playing with doll's houses and toy planes (one on a toy phone was perhaps a future call-centre worker) and capped these with the slogan 'Toys for today Child Trust Fund for their tomorrows'. The age of 18, it explained, is a 'time when every little helps'. The Co-op fund (also with Children's Mutual) took a slightly different tack to promote its ethical bond with the slogan 'Invest in their world' supported by a picture of a child on a beach cuddling an inflatable globe and others of children near various kinds of foliage: 'We believe the ethical Baby Bond, provides a good home for your child's CTF to help better their financial future and to help protect the future of their world'.

These advertisements, then, conform with the government's understanding of the aim of the Fund and extend very clearly the promotion of a particular kind of aspiration. They also promote a particular idea of good parenting, promising that by acting now, in the future one will have been a good parent because one will have provided a helping hand—metaphorically as well as literally—by giving one's children the advantage of an asset. This impression is reinforced by the first non-governmental television advert for the CTF, produced for the Children's Mutual which specialises solely in children's savings (Sandison 2008). This advert features a 'bloke' holding his new son, looking out at the window and thinking about 'the big wide world' and how he will 'keep him safe'.[13]

The promotion of the CTF foresees the funds as being used for a very particular series of goods: a car, a house, university, starting a business. With the exception of the ethical fund all promote the taking of responsibility for an individual future and regard that responsibility as primarily involving the provision of security against rising costs for conventional needs. Lloyds/Children's Mutual put it this way: 'At 18 they'll have a lump sum that could go towards further education or vocational training, a car, a gap year, even a deposit on a home or the launch of their own business'. On the Halifax literature, next to a picture of a child pretending to drive, the caption read 'course of driving lessons—£739.47'. An image of two kids playing house with a cardboard box was accompanied by the information: 'Average first time buyer deposit—£19,999'. Nationwide explained that 'your child's fund could deliver enough money to help with further education, a deposit on a first home, or to buy a first car' and Abbey suggested 'university, their first deposit on a house, or perhaps a wedding'. It reminded potential customers that 'Bringing up children can be an expensive business, so putting money aside for their future is not always easy. As well as everyday costs, you may also need to start thinking about future costs' and presented bar charts indicating the increasing cost of weddings, houses and university.

The marketing of the Fund thus combines the theme of financial education with that of responsible and prudent parenting yet also with a particular kind of consumption. It urges parents to accept and to prepare to pay for what, when they were 18, may well have been paid for by public funds and promotes a series of normative expectations around property and the ownership of consumer goods. The whole is wrapped in the automatic assumption that the individual and the family are the most important of all cost centres.

The extent to which such marketing directly alters the outlook of any particular individual is a matter for speculation. The present argument does not depend upon demonstrating such an influence. What we have observed is how a specific government policy can be understood to open up ways to attempt such influence. We have seen how, in the case of the Child Trust Fund, the bearers of that potential influence are numerous: health and social workers in direct contact with parents; teachers delivering financial education in schools; advertisers hired to market the Fund by government; providers promoting it.

All of this is best understood as a dimension of yet wider processes of 'financialisation'. As we saw at the start of this article, that process takes place across levels but, fundamentally, involves a transformation in the relationship between individuals or households and the global financial markets. That has straightforwardly economic dimensions but also, as we saw, a range of cultural dimensions that relate to the formation of the 'investor-subject'. The CTF helps establish that relationship between the individual and financial markets; asset-based welfare in general can be understood as an element of the forces oriented towards the constitution of that subject.

Conclusion: Complement and Contradiction in Asset-Based Welfare

Asset-based welfare policies—as developed by New Labour—enable government, schools, advertisers, banks, building societies and a range of both voluntary and statutory agencies to act directly on the aspirations and orientations of individuals. That the CTF is like this is not the outcome of a single force but of the convergence of several. These include the wider financialisation process—the inclusion of ever more people in the financial markets from sub-prime lending to the creation of savings accounts for those otherwise detached from the industry. We saw that one argument for the CTF was precisely that it would provide new customers for banks. There is also an interest in fostering 'natural' regulation of financial services instead of political or legal control. Here the argument is that the more efficient the customers the more efficient the market (see OECD 2005; Froud et al. 2006; Williams 2007; Thoresen 2008) and thus it is necessary to engender efficient consumers. To these can be added the need to supplement for the withdrawal of social support by ensuring that the individual freed from state 'dependency' has, as the government defines it, the wherewithal to access employment, make savings and invest. The inculcation of an assets culture and of financial literacy can thus be imagined as not only economically sensible but also as empowering—a form of social justice. This further satisfies the interest of government in reinventing a role for itself in societal management; an interest sustained intellectually by the substitution of a 'Marxist' conception of inequality for a 'Durkheimian' one of inclusion and exclusion (see Levitas 2005) and which inspires a desire to create capabilities, skills and social capital where they are perceived to be lacking.

There are contradictions here. The aim of financial literacy is to ensure that people manage their money well, do not get into debt and that they become keen savers; but also that they become risk-taking investors. The presupposition is that illiteracy and irresponsibility is a major cause of risk aversion or indebtedness. But the former may in fact derive from rational reflection on stock market volatility. With regard to the latter, as Johanna Montgomerie argues, one cause of increased debt is precisely the 'financial abandonment' of individuals by the state (Montgomerie 2008). The requirement to fund education through loans, to borrow ever more on a mortgage because of house price inflation in a government-sustained boom (Watson 2008; see also Hay 2009, in this issue) and to fund retirement wholly through one's own savings, induces debt which is further encouraged by the increased availability of consumer credit and a culture for which freedom and individuality are believed to be manifested though the exercise of consumer choice and in which credit is seen as a necessary right. In addition, securitisation makes debt itself a commodity to be encouraged (Montgomerie 2007). From this perspective financialisation of the subject is not the solution to a problem but its cause.

Such contradictions perhaps tell us something about contemporary British government in general. This can best be characterised in terms of 'ethos'. Classical political theorists were often concerned to classify different forms of political society (such as tyranny, oligarchy, aristocracy and democracy) and understand the 'character' or 'ethos' to which they gave rise. Their concern was with 'regimes' in the broadest sense of that term. In *The Republic* Plato defines an oligarchy as the state in which the power of the rulers derives from their ownership of property. Such a state, he argues, will be divided between rich and poor with the former encouraging extravagance in the latter since they can charge them interest and buy up their estates. It is thus dominated by a character of nervous avarice.

Today we are concerned with accumulation regimes and with classifying 'varieties of capitalism'. But we may still ask about the 'character' associated with regimes; the ways in which the constitution of a society, economy and government may lead to a particular distribution of wealth and power; of forces that act on individuals and inculcate aspirations within them. In opening up the ways in which this takes place we extend our understanding of the overall organisation and function of regimes and of the contradictions within them. We can see how particular policies may complement or contradict such regimes and we can perhaps make them available for further reflection, and even contestation.

New Labour, in its redefinition of social justice and reinvention of government, has instituted policies intended to spread the skills and attitudes required to become wealthy. In this respect, rather than challenge oligarchy it has attempted to increase the number of persons competing to be oligarchs. Instead of seeking to cultivate an egalitarian ethos it has encouraged and sought to facilitate the growth of the financialised individual. Asset-based welfare is fundamental to this. The sub-prime mortgage crisis, therefore, does not undermine one or two policies of the UK government but deals a blow to the ethos it has sought to instil in the nation.

The future of asset-based welfare policies—at a time when asset values are volatile and the risks associated with relying on them apparent to all—is perhaps uncertain. For instance, the Conservative party and the Liberal Democrats have said that they would scrap the CTF. Nevertheless, it seems likely that the broader drive for financial literacy (which has a much wider range of backers than does asset-based welfare) will remain. Furthermore, and importantly, that asset-based welfare has been effectively co-opted into a programme of financialisation is not an outcome intrinsic to it. There are a number of advocates of asset-based *redistribution*, imaginative in form and content and clearly tied to the cultivation of an alternative ethos to that upon which New Labour's governing philosophy has been premised. Ackerman (2003, 182), for example, saw his proposal as a way to 'prevent the rich from entrenching their financial superiority into the social structure by passing their advantages on to their children' and of cultivating a solidaristic ethos. Advocates of a basic or citizen's income see it as a way of securing true autonomy and enabling a republican ethos of active citizenship (see Ackerman et al. 2005; White and Leighton 2008).

As the value of property assets declines, it is perhaps worth investing time in rereading a founding father of 'asset-based welfare'. In *Agrarian Justice* Tom Paine presented his proposed 'national fund' as 'compensation' to individuals for the loss of their 'natural inheritance' by the introduction of the system of landed property. Perceiving wealth inequalities very clearly he wrote that:

> the rugged face of society, checkered with the extremes of affluence and want, proves that some extraordinary violence has been committed upon it, and calls on justice for redress. The great mass of the poor in countries

> are become an hereditary race, and it is next to impossible for them to get out of that state of themselves ... The plan here proposed will benefit all, without injuring any. It will consolidate the interest of the republic with that of the individual. To the numerous class dispossessed of their natural inheritance by the system of landed property it will be an act of national justice ... and it will give to the accumulation of riches a degree of security that none of the old governments of Europe, now tottering on their foundations, can give.[14]

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Notes

A version of this article was first presented at the annual conference of the Political Studies Association held at Swansea University, 2 April 2008. I am grateful for the comments of my co-panellist Matthew Watson and the discussant Andrew Gamble. A short version was also presented at the conference 'The Political Economy of the Sub-prime Crisis: The Economics, Politics and Ethics of Response' held at The University of Warwick, 18–19 September 2008. Revision prior to publication was greatly helped by a presentation to the Centre for Urban Theory, Department of Geography, Swansea University and by the comments of my colleague Claes Belfrage. Some of the material relating to the marketing of the Child Trust Fund was presented to the seminar 'Has the Child Trust Fund Lacked Ambition?' organised by the Institute of Public Policy Research, 6 July 2006.

1. For instance, pension reforms that extend 'defined contribution' pension schemes directly integrate individual financial security with the global stock market (see Belfrage 2008). Financialisation is also intimately related to housing and housing policy in ways that may affect individuals. Schwartz and Seabrooke (2008, 237) show that housing regimes are not politically neutral but that 'the kind of housing people occupy and the property rights surrounding housing can constitute political subjectivities and objective preferences not only about the level of public spending, but also the level and nature of inflation'. Schwartz (2008, 281) notes that in the US 'homeowners' consciousness and thus political preference have changed as housing became a tradable asset', and in the UK context Watson (2008) has identified the ways in which the deliberate sustenance, by Gordon Brown, of the housing boom contributed to the engendering of a mentality of 'monetary conservatism'.
2. On the promotion by government of rational action on the part of service users see Taylor-Gooby (2008).
3. On the use of 'logics' in political and social explanation see Glynos and Howarth (2007).
4. On the general motivations behind Sure Start, from someone who was a director at the time, see Eisenstadt (2002). For a critical reading, emphasising exclusion and social investment, see Clarke (2006); on the provision of books see the government website http://www.bookstart.co.uk/; for a positive evaluation see Wade and Moore (2000); and on how Sure Start, in promoting participation, incorporates people within a mode of cultural governance see Gustafsson and Driver (2005).
5. See http://www.dh.gov.uk/en/Publicationsandstatistics/Legislation/Actsandbills/HealthandSocialCareBill/DH_080449
6. See for instance the KS3 personal well-being curriculum at: http://curriculum.qca.org.uk/key-stages-3-and-4/subjects/pshe/personal-wellbeing/keystage3/index.aspx
7. For a full discussion of the background, emergence and development of the policy see Finlayson (2008).
8. Research into the attitudes of parents has found that many are somewhat overwhelmed by the information and advertising thrown at them but has also found evidence suggesting that the CTF has begun to induce a changed attitude towards saving (see Prabhakar 2007; see also Bennett et al. 2008).
9. See 'Pupils to receive finance lessons', BBC news online, 21 October 2008, http://news.bbc.co.uk/1/hi/education/7682512.stm; Financial Skills for Life: Building Confidence through Citizens Advice Bureaux, B, 2006. Also see the industry-sponsored Personal Finance Education Group, a charity helping schools teach finance, http://www.pfeg.org/

10. The CTF is in fact an interesting case study in the use of advertising and marketing as a policy tool. Current government expenditure on advertising is unclear. In answers to oral questions in June 2005 John Hutton (at that time chancellor of the Duchy of Lancaster) gave the figure of £167 million for 2004 (House of Commons Debates, 28 June 2005). An editorial in *Marketing* magazine quoted a figure of £203 million for 2004–05 which it cited as coming from the Central Office of Information annual report, pointing out that this was more than the advertising budget of Procter and Gamble. Adding in direct and digital marketing as well as publications it came up with a figure of £335.5 million (Craig Smith, *Marketing* (UK), 26 October 2005, 31). A COI press release (http://www.coi.gov.uk/press.php?release=127) rebutted saying that the figure erroneously included production fees. The real spend was £165.4 million, £2 million less than the previous financial year, 2003–04. But whichever figures are used government expenditure on advertising has increased greatly and to such an extent that one should perhaps speak of communications in general as one of the modes of governance.
11. In evidence to the Treasury Select Committee Ivan Lewis said that over the year £7.5 million was spent on advertising the CTF, some £3.5 million on television specifically. Lewis cited figures to the effect that '97 per cent of CTF eligible parents and 89 per cent of expectant parents were aware of CTF and 94 per cent of eligible parents had seen or heard at least one recent CTF advertising' (House of Commons 2005). This may have come from BDRC Market Research which in October 2005 found 97 per cent awareness and 80 per cent saying the leaflets were easy to understand. At its peak, awareness of the campaign was at 50 per cent although it fell away after this period. On this see Kilby and Long (2005); also, Turner (2005a, 2005b and 2008).
12. This advert can be viewed on You Tube at: http://www.youtube.com/watch?v=CYIDjkSTUNI. The slogan is also part of the branding of the CTF on government websites (http://www.childtrustfund.gov.uk/).
13. This is viewable at: http://www.youtube.com/watch?v=1O5FGjjOndo&NR=1. I write 'bloke' because, in addition to his appearance, the voice-over of the man portrayed in the advertisement—he drops 'h's and addresses the child with the phrase 'ello little man'—suggest a particular ideal of contemporary masculinity and fatherhood: that associated with the thirty-something coming of age of what has been dubbed in the media 'bloke culture'.
14. Tom Paine, *Agrarian Justice*, 1795–96, full text available online at: http://www.thomaspaine.org/Archives/agjst.html

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