

RESEARCH

FOR THE WORLD

Starting child benefits during pregnancy could help tackle inequality and boost economic growth

Published 24 May 2023



Mary Reader is Pre-Doctoral Research Assistant at the Hub for Equal Representation in the Economy at STICERD, LSE.

Her research interests focus on the causal effects of economic policies on poverty and equality, particularly those relating to gender, race and socio-economic status.

In the UK, child benefit can be claimed as soon as a birth is registered. But what if payments began earlier? **Mary Reader** has been researching the impact of a previous government grant to pregnant women. She finds that a small sum could lead to significant improvements in babies' health.

When Gordon Brown's government introduced a lump-sum £190 payment for all pregnant women in 2009, it sparked a major controversy. The Health in Pregnancy Grant, to be given to those in their seventh month of pregnancy, was dismissed by opposition MPs and other critics as a pointless "gimmick" that would be frittered away on "booze, fags, bingo and plasma screen TVs."

To claim it, the only requirement was to visit a midwife or GP for an antenatal check-up from the 25th week of pregnancy and fill in a form.

The aim of the grant was to help women afford high-quality nutrition and reduce stress during pregnancy. This, it was claimed, would reduce the incidence of low birthweight and prematurity, which can create health problems in later life and educational disadvantage, therefore affecting future earnings and wellbeing. However, in 2011, the new coalition government abolished the grant alongside other benefit cuts, claiming that there was no evidence that it was effective.

Since then, the gap in birth weight between different social classes has tripled in size, so it is an issue that Mary Reader, a researcher at LSE, was keen to explore.



If you're a low-income young mum and you have to buy expensive items ahead of your first birth, like a buggy, that's a lot of money to suddenly come up with. ”

A relatively small sum could have a big impact on the health of both babies and mothers

She analysed NHS hospital records to see whether babies whose mothers were eligible for the grant were, on average, heavier and less likely to be premature than babies born shortly before or after the grant was available.

Her research shows that this relatively small sum – equivalent to three months' child benefit – led to significant improvements in babies' health. Average birth weight increased by three to six per cent, while the proportion of babies born prematurely fell by nine to 11 per cent. The biggest effect was among low-income, younger mothers.

Why the extra money during pregnancy improved birth outcomes is hard to establish with the data available. Despite being conditional on attending an antenatal appointment with a GP or midwife, Mary Reader's research shows that the grant failed to incentivise earlier engagement. Instead, the cash itself seems to have improved women's health during pregnancy, most likely by reducing stress, according to Mary.

"If you're a low-income young mum and you have to buy expensive items ahead of your first birth, like a buggy, that's a lot of money to suddenly come up with. It's possible that the grant helped to reduce financial worries of this kind."

Younger and first-time mothers would particularly benefit from financial support during pregnancy

While conducting her research, she looked on Mumsnet – an online discussion forum for mothers in the UK – where women reported using the £190 in a range of ways to reduce stress and promote wellbeing, whether by reducing their overdrafts, covering large expenses like buggies, or investing in antenatal swimming classes.

Mumsnet is a selected group of people, and middle and higher-income mums tend to be overrepresented, but it's interesting the money was still used to improve wellbeing and reduce stress in many cases."

Her research paper, published in the *Journal of Health Economics*, concludes: "These results have striking policy implications. First, they demonstrate that there are infant health gains to be made from starting universal child benefits in pregnancy. At the time of writing, this is policy-relevant given the recent arrival of a new universal child benefit from pregnancy in Italy and recent calls to extend the US Child Tax Credit to pregnant mothers.

"Second, since conditionality played, at best, a minor role in the effects of the grant, it seems reasonable to conclude that infant health effects could be found for unconditional cash transfers.

"Finally, my findings suggest that family policies to improve child health should place greater attention on younger and first-time mothers, most of whom are excluded from existing child-related benefits because they only start from birth



Small, early interventions have ripple effects that can reduce inequality in the long run. This makes them highly cost-effective. ”

“Many developed countries pay universal child benefits from birth as part of a wider ‘cradle to grave’ package of financial support that supports health across the life course. Fewer have experimented with starting this financial support *in utero*. This paper demonstrates that doing so may provide hitherto unrealised infant health benefits.”

Paying child benefits in pregnancy is a low-cost, effective way to tackle inequality

Reflecting on the abolition of the short-lived Health in Pregnancy Grant, Mary adds: “Universal cash with few strings attached was seen as a risk rather than an opportunity. But we now know that it wasn’t a gimmick. Starting child benefits in pregnancy should instead be seen as a low-cost, effective option for any chancellor looking to tackle inequality and boost economic growth.

“Small, early interventions have ripple effects that can reduce inequality in the long run. This makes them highly cost-effective. My research indicates that the health in pregnancy grant will increase lifetime earnings for the babies who benefited from it by three times more than the cost of the policy.”

She points to recent Institute for Fiscal Studies research which shows that Sure Start – which provided universal parenting support, preschool and antenatal advice in children’s centres across the country – saved £5m of NHS spending by improving children’s health.

She adds: “Investing in the health of future generations means better labour market outcomes, more growth and more tax revenue for governments to spend elsewhere. A little, invested early on, goes a long way.” ■

Mary Reader was speaking to Joanna Bale, Senior Media Relations Manager at LSE.

“The infant health effects of starting universal child benefits in pregnancy: evidence from England and Wales” by Mary Reader was published in Journal of Health Economics.

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