

# The Context for a World Without Poverty

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**Compass is a home for those who want to build and be a part of a Good Society**; one where equality, sustainability and democracy are not mere aspirations, but a living reality.

We are founded on the belief that no single issue, organisation or political party can make a Good Society a reality by themselves so we have to work together to make it happen. Compass is a place where people come together to create the visions, alliances and actions to be the change we wish to see in the world.

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## Webb Memorial Trust

Established in 1944 as a memorial to Beatrice Webb

## INTRODUCTION

***Ring the bells that still can ring.  
Forget your perfect offering.  
There is a crack in everything.  
That's how the light gets in.  
Leonard Cohen***

This short paper is part of series for a project that the Webb Memorial Trust (WMT) and Compass are carrying out together to develop a *Theory and Practice of Change for a World Without Poverty*. Put simply, this means how do we both create and react to the existing conditions such that we are able to end poverty? So to be clear, the emphasis is not on why we want to end poverty, but on how it can actually be ended. Some strategic policy options will be outlined at the end of the whole project, but it's not really about policy per se – it's about how to get the support and backing for the policies and strategies that could end poverty.

The whole project is about how to make transformative change happen in a complex society in which politics and democracy no longer work as they once did. It is not about doing the same thing again and again and expecting a different outcome or talking to the same people and coming out with the same arguments and facts, as if saying them with more force is the answer. Rather we need to understand the context in which we now operate and adjust our strategies, tactics and policies accordingly.

The other elements of work in the overall project, which will lead to short papers, diagrams and visuals, include:

- Principles – what is guiding us?
- A Good Society - what are we being guided to?
- Theories of change – how does big change happen and what is the sociology of change; the agency that can make it happen?
- Key policy demands – what could make this happen?

The project builds on two earlier pieces of work carried out by Compass with the support of the WMT - [Something's Not Right](#) - which examined the age of anxiety in which we live and [Secure and Free](#) that set out a small number of strategic policy objectives to end poverty that were collected from across the political spectrum. This project will conclude in early 2017 with a roadmap as to how we might end poverty in the UK and will feed into the final report(s) of the Trust before it winds up in the summer of 2017.

## THINKING ABOUT CONTEXT

Context is everything when you want to change something as big as poverty. Every context we find ourselves in is both a set of constraints and a set of possibilities. Effective action always means being sensitive to both constraints and possibilities and the likelihood of either changing in the near future.

Karl Marx once famously said in the *18th Brumaire* (in the sexist vernacular of his day) that “*Man makes history but not in conditions of his own choosing*”. It is both the most incredibly brilliant and frustrating insight. We can act and make history, but the context we operate in determines how much history we make. So, are the conditions conducive to how we want to make history or not? And especially for us, The Webb Memorial Trust and Compass, is the context of the second half of the second decade of the 21st Century more or less conducive to a world without poverty, and what does the context tell us about what we do next and how?

A second brilliant change and context quote really helps: Oliver Cromwell said “*we strike while the iron is hot*”. This is another way of saying we make history when the time is right. But there is a second half of the Cromwell quote, which is often overlooked, because he went on to say “*and we make the iron hot by striking*”. Thus trying to make the act happen can change the conditions within which we act. So the change to the society we want to see cannot just be about waiting for the right moment. In choosing to make history and acting we can impact on the conditions that will make change more or less likely.

The central argument of this short paper is that whatever context we now operate in, one unarguable element of it is the growth in complexity and therefore unpredictability. Beatrice Webb planned for a world in her era. It was a very different moment to now. Some of the deeper changes in context will be examined below, but just look at the recent past; British politics has seen a series of recent surges to and from parties and ideas; first in terms of membership before 2010 to the Liberal Democrats, then the SNP, the Greens and now Labour. Brexit has changed the ideas and policy agenda suddenly and maybe fundamentally. David Cameron effortlessly gives way to Theresa May. Austerity it seems might be over. The Government is talking more about state intervention. And almost everyone is talking about the gap between the top and the bottom. All this and more makes the challenge of ending poverty both more interesting and more problematic. How do we prosecute big transformation projects when the world and events are so uncertain?

The most successful interpreter of Marx's dictum in modern times is arguably, Friedrich Von Hayek, the guru of neoliberalism, or what we might call free market fundamentalism. Neoliberalism is still the grand narrative and daily experience that dominates our lives and

society. Hayek, an Austrian economist active from the mid-decades of the last century, was passionately and profoundly an anti-Marxist, but whether he knew it or not (and he probably did) he practiced perfectly the art of managing the paradox of Marx's change and context conundrum. Hayek and his disciples practiced an incredible self-discipline to pursue their beliefs. They would promote their free market principles and disseminate their ideas through think tanks, the media and the capture of economics departments in universities. But they vowed however, not to get too close to politicians for fear it would make them dilute their thinking, which they believed, had to be swallowed whole. Instead they would be patient, waiting until the conditions were right and then politicians would come to them – on their terms and take up their ideas – not in part but in whole. Hayek wrote his opus “*The Road to Serfdom*” in 1944 - it took 30 years before the Reagan/Thatcher years put the ideas into practice. But three decades is not such a long time to wait to have the dramatic impact Hayek and his followers wanted and eventually had. But they didn't just wait. Their success was due to the incredibly hard work and determination to see their project through. Their initial founding meeting of the Mont Pelerin Society; the organization they operated through; was a ten-day conference of high theory and debate that, arguably, few would dedicate themselves to today. But their discipline wasn't just to think and act consistently and coherently – it was also to wait until the context was right for their ideas. As Milton Friedman, the leading disciple of Hayek, later said “*There is nothing so powerful as an idea when its time has come. I say that time is a crisis, actual or perceived. When the crisis occurs the actions that are taken depends upon the ideas lying around*”.

The crisis for them was the OPEC oil price shock of the early 1970's and the subsequent rise of both inflation and unemployment, as well as the unwinding of the post war 'Golden Age' of social democracy that saw the era of 'the great convergence' in incomes and wealth come to an end, and a new era of incredible divergence begin. The moment was right, but it was only by acting within the context as they found it that they were able to so decisively shape events. It is unlikely that the age of free market fundamentalism would have just happened because of the given conditions. Rather it need the political actions of Hayek, Friedman, Pinochet, Reagan, Joseph, Thatcher and more to make the most of history and turn an extreme idea into a new common sense. After all, as Keynes wrote: “*Practical men who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist*”.

And a final word on Hayek. We should recall that he wrote his defining text, and organized for it, in circumstances wholly antagonistic to his free market cause. 1948 was the height of big government and big government thinking,

## PARADISE LOST?

the era of the Soviet Union, the New Deal, the Marshall Plan and the creation of the NHS. If Hayek had just relied on an analysis of context then he would have given up. Instead he relied on what he believed was good and right and eventually made it happen – when the time was right. The central argument of this short essay on the context of a world without poverty is that conditions now are potentially conducive to such a world – but only if we act in ways that help the birth of a new and better society. The analysis of that context is at two levels. Firstly, what we might call the meta or grand contextual level. This is about how we make and do things in the 21st century compared to the context of how we made and do things in the era of Beatrice Webb. And then second the more immediate economic, social and political context in which this project, and the desire to end poverty, is taking shape within the UK, that of austerity, low wages, immigration concerns, Brexit etc. It is these two contextual levels that are explored below.

The great convergence, when the poverty gap closed, just like the subsequent divergence – was no accident. It took people to act in the given context. The 30-year era of 1945 to the mid-1970s, the decades in which Britain has never been more equal and the GINI co-efficient (which is the international standard for measuring inequality in a society) was never smaller, was the result of a mix of ideas and leadership as well as a driving and dominant context. The combination made greater equality if not inevitable then very likely.

So it's instructive to understand the context which made this era possible. Of course, much of the history of these decades will claim that this more equal society was the product of a few mostly men enacting legislation like the Beveridge Plan or the creation of the NHS by Bevan. But 1945 was based on what David Marquand called 'a 100-year conversation' between socialists and liberals together with the engagement of the most incredible rich cultural and intellectual and organizations – from Left Book Clubs to Clarion Cycle Clubs, friendly societies, mutual, unions, coops and the rest. And it was based, more than anything, on the growing strength of the working class, the collective experience of the war and the presence of the Soviet Union. Together, these engendered a climate that brought employers to the bargaining table for fear of a revolution in the West creating a context that made the post-war settlement within the nation state possible. The country slipped easily from big central government winning the war to big central government winning the peace - and reducing inequality to record low levels.

The most important contextual element, then, for a world with less was the way things were made and done. This was the era of the factory; places which gave people full-time work and increased wages because of the ability to organize more effectively through trade unions and the sense of solidarity that created a conscious class sentiment. The term for this era was 'Fordism', named after the car assembly line in which everyone knew their place and their role. The dramatic increase in productivity this form of production sparked led to the growth that helped underpin the golden era. And this form of governance was applied effectively to government and especially its forms of social policy. Big government, defined nation borders, Keynesian demand management, strong trade unions, the agency of a mass working class and the threat of the Soviet Union combined to dramatically ease poverty. This is the world Beatrice Webb knew and helped to fashion. But it is not the world of today.

# THE CONTEXT OF NOW

Everything that made that post-war convergence possible has gone and been replaced by everything that made the subsequent great divergence in incomes and wealth possible; the causes being increased globalization and financialisation and the consequences being consumerisation and individualisation. The last 30 years have been dominated, as we have seen, by free market thinking – roughly from the election of Thatcher in 1979 up to the Crash of 2008. Of course, neo-liberalism is still the most dominant economic and political force in our society, but its ability to be a hegemonic force is now under real strain. The economy is one of the five big contextual factors of our age we need to understand if we are to shift to a world without poverty.

**1. The economy:** for the first time in a generation or more, the ability to both put bread on the table and hope, (or at least consumer contentment in people's hearts) has been severely undermined by both the Crash and the deeper developments in our economy. For more and more people the economic system isn't working – it isn't giving them the consumer lifestyle that has been promised and instead they are working harder, longer, and for less. Most people believe their children will have a worse standard of living than they have had. For the young, house prices, rents, student debt, precarious working conditions and flat lining wages combine to create a toxic mix which forces many of them to at least question their commitment to the existing economic system. Of course, the poverty and insecurity suffered by so many is terrible primarily in and of itself. But such poverty also undermines capitalism itself, because effective demand for products and services is so constrained. The post war decades were not just the most equal but the most prosperous precisely because wealth was shared. The forces that acted against capital then ironically made it more successful. In its neoliberal form these forces, such as strong trade unions, have been purposefully eroded and there is nothing to save free market capitalism from itself. That is why the economic crisis is likely to continue and the context of opportunities and constraints for change will expand.

Because of this economic orthodoxy, governments across the world don't understand why there is no growth and start to consider dropping money from the sky. Interest rates are so low can now only go one way – up! Another financial crash is very possible as indebted banks and households remain on very weak ground. Without the safety valve that growth supplies, tensions in society build up as the system continually rewards those at the top at the expense of those at the bottom. Meanwhile, the global movement of capital has forced the global movement of people. Nation states struggle to adapt to migrant flows, especially when taxes can be so easily avoided. A new 'precariat' is being created whose interests can't be contained within the existing system. Outsourcing and the challenge to many professions from new technology

(see below), means insecurity and anxiety now permeate up through all social levels. As ever, the conditions for change are being created by the contradictions in the economic system. It is hard to see how this changes of its own volition. After all, as Henry Cloud says, "*We change our behaviour when the pain of staying the same becomes greater than the pain of changing*".

**2. Environment:** the figures on climate change are going through the roof. This is a new and existential threat. We can, after all, imagine the end of the world, but not the end of the economic/political system that drives it! But just like the economy, this crisis cannot continue to be ignored without a heavy price being paid. A world that floods or is in flames comes back and bites us. Children in our big cities are dying from air pollution. Homes are being flooded and are becoming uninsurable. Refugees and immigrants turn up on our shores – displaced by droughts and famine. A smartphone and empty stomach are all you need to take the perilous journey. Meanwhile, food stocks and energy supplies become unpredictable and costs go through the roof. And these are just the early symptoms of climate change in which the poor always suffer first and most. In today's context, climate change and poverty go hand in hand.

**3. Technology:** this is the big underlying driver of change in our society, just as it was for Beatrice Webb. Digitization is starting to change everything, just as steam and then electrification did. We increasingly live in a world of connections and contact, of individual and collective action at the local and global level. Just stop and think what you can achieve with a smartphone in your hand and a Wi-Fi connection. We can speak to anyone in the world about anything. We can find which people in our community share our interests and concerns. In this world injustice, thanks to leaks and whistle-blowers, has no hiding place and the means to do something about it is at our fingertips. Accelerated by new technology, organising is now ridiculously easy. We can now express our solidarity with infinite ease at home and abroad. We sign, share, collaborate and co-create. And we begin to develop our potential as human beings as we become more aware of each other, of the planet and of other animals and species. We recognise in ourselves the need to create, to innovate, to express and to share. From solidarity with asylum seekers at home, to concern for the ice-caps abroad, from Kickstarter to Avaaz, we are becoming local and global citizens. From the physical to the spiritual, people are pushing beyond old boundaries – both alone and together. Of course the same culture can benefit the Right – but the hope must be that more social connections and greater individual and collective voice and action can level the playing field.

But there is of course a dark shadow looming over this joyous world. We are better informed than ever, but also more overwhelmed with data than ever. We can talk to anyone, about anything in any part of the world, but too frequently find ourselves in small echo chambers. While we can connect with consummate ease, we can disconnect just as easily. And some struggle with the cost of being a digital actor. And where the digital world is privatized – monopolies of wealth and power are formed around a few owners who then try to bend the democratic rules to protect and extend their wealth and power. But the reason new tech has these dark effects is because it is being deployed under neoliberal conditions. The great victory of Hayek et al is to create a world in which the radical potential of the new technology is constrained by the social, cultural and economic context which they produced – that of the private over the public and the individual over the community. It is not technology we should fear, but a system of ownership and control that bends it towards greater inequality, not less. And so to be clear, there is nothing deterministic about technology – the issue is how it is deployed and for what purpose.

But whatever our views, there is no getting away from the fact that social media, the internet and the notion of an increasingly networked society is the means through which we interact, decide and act in 21st century. The only issue is - how we bend this form of modernity to a world without poverty?

**4. Globalization and localization:** two other big things are happening at once, power is going up and down at the same time. Global flows of finance and investment are as big and influential as ever. Money goes to where it can make the biggest return. But as power has seeped away from nation states, there has been a demand for it to be regionalised and localised. If, as it seems, there is little we can do to control 'the masters of the Universe' then we can act to protect and make more resilient our own towns and communities. Hence the shift towards Mayors and devo-max for many of the big cities in the north of England, and the push for independence in Scotland and maybe in the future in Wales. What will be interesting to see is how much Brexit effects these trends and alters the nature of globalisation if other nations follow a similar path to greater protectionism and/or devolution within their borders.

**5. Democracy:** the crisis of poverty and of sustainability simply tells us that there is a crisis of democracy – for what is democracy if it doesn't stop the poor getting poorer or the planet burning? This has been a long time coming, but our democracy has been both captured by powerful interests and its representative form has probably reached its limits. Colin Crouch argues that we live in a 'post-democracy' where we have the

semblance of real democratic choice, but the reality is the same policies - give or take just a bit. People know power has gone global to the financial markets and the corporations. The upshot is rebellion within parties, the creation of new parties and the avoidance of party politics altogether through single issues, localism or life styles movements like transition towns and other movements which try to pre-figure a different kind of society. People are experimenting widely with new deliberative and direct forms of democracy to complement or replace representative democracy – not least through new technology. The idea, as was prevalent in Beatrice Webb's day, that democracy was about voting for one of two main parties once every four years, simply does not carry over to a world where people know more and make decisions all the time. Driven largely by technology, we are witnessing the rise of energy and ideas from below – new horizontal movements not just around protests but around new forms of governance and decision-making from finance to energy. It is the relationship between these emerging horizontal forces and more established vertical forces (such as existing parties, states and corporations) - the meeting point of which Compass is calling *45 Degree Politics* – that will determine whether we have a world without poverty or not.

## PARADISE GAINED?

If there's a lesson from the collapse of the well-intentioned progressive model of the mid-20th Century, it's that a world without poverty can't be created by top-down and elitist means. We can never separate how we do things with the results they create. *Means always shape ends*. A world without poverty requires the resources and legitimacy of the state, but in service to people acting individually and collectively in the knowledge of the interdependence between what's good for society and what's good for them. A world without poverty and a wider Good Society is one that we create, it cannot be something that is done to us. Hope comes from the insight that the way we make things and make things happen in the 21st Century allows the means and ends of a good society to be aligned. "*You can't go around building a better world for people. Only people can build a better world for people. Otherwise it's just a cage*" wrote Terry Pratchett in *Witches Abroad*. Nowhere is this more true than the ending of poverty, a process that now can and must involve the poor being their own agents of change.

For what is happening is that old hierarchies are disintegrating so that everyone has a more equal voice and no-one is inherently superior or inferior. That doesn't of course negate the continued gender inequality or growing racism or class inequalities, but does offer spaces where greater economic, democratic and social equality can be practiced and built. Yes we must make sure that everyone has access to the technology and is at ease with the new digital culture, because this 'flatter' structure makes possible, but does not guarantee, more egalitarian and democratic ways of operating, and therefore more egalitarian and democratic outcomes. If we all have a voice and a say – if we all have a sense of ourselves, can all organise and protest, build and dream together – then this potentially unites means and ends. We can only create the good society in a good way. And along the way, a new historic agent of change is created – no longer one defined solely by class but instead by being a networked citizen.

Thus progressives can hope to bend modernity to progressive values and not attempt to merely bend progressive values to either the remote state or more recently the free market. Such a flatter or 'horizontal' culture doesn't mean that hierarchies or 'vertical' cultures are obsolete. We still need the state for many vital functions, like public finance, defence, environmental protection, and yes redistribution. If this is the big context, then what briefly of the immediate context?

## WHAT ARE THE CONDITIONS IN BRITAIN NOW IN TERMS OF A WORLD WITHOUT POVERTY?

The big contextual issues outlined above suggest there is at least possibilities for change – the economic, technological and cultural context are in a state of flux. To reiterate, this doesn't mean that things necessarily get better – the flux could lead to things getting much worse. But in a post-Crash, post-Brexit world the existing structures and methods of change do not look well suited to make systemic and transformative change happen.

A future paper on theories and practices of change will discuss how things might shift in the future – but even the most cursory glance at how things are in 2016 in the UK suggest that to change society we have to change the political system.

Much of the population is not represented by Westminster; indeed the existing majority Government was elected on only 24 per cent of the potential popular vote. The experience of powerlessness and rage at the political system is leading to a lack of engagement in politics and/or a flight to the populist right or the more radical left. The centre, because it has failed to come up with solutions, is being vacated. The progressive movement, while increasingly vibrant, not least because of how easy technology now makes organising, is fractured, siloed and ineffective. In terms of party politics, at best it is in office for short or isolated periods and does little, other than 1945, to change the terms of debate. Labour, long seen as the key vehicle for anti-poverty advances, is fracturing from the inside, with divisions that seem too big to overcome. This in turn is part of a wider crisis of social democracy the world over. Other key historic anti-poverty actors like the trade unions, look unlikely to regain their former power. Given the first past the post voting system, combined with boundary changes, the strength of the SNP in Scotland and the threat from a revamped UKIP in former Labour heartland seats, it is unlikely that the party can win alone and the Conservatives could be in for another long reign. Meanwhile the EU as a potentially civilising and socialising force looks lost to the UK because of Brexit. The inability of progressive to mobilise effectively for change, or to offer a viable, coherent alternative is impacting those already marginalised in society the most.

But, new ideas and new ways of thinking and acting are starting to flourish. Communities and groups are learning how to organise and get their voice heard. Community organising and online campaigning are opening up new possibilities for change. And there is the beginnings of an openness to a cross party political progressive alliance from sections of the Liberal Democrats, the Green Party, Plaid Cymru, the SNP and Labour. Divisions over Europe redraw the boundaries right across the old political map.

## CONCLUSION

Meanwhile radical ideas like the concept of a universal basic income now move quickly up the political agenda, just as new and seemingly impossible ideas like an NHS did in Beatrice Webb's day.

Outside of the parties, in the NGOs, civil society movements, cultural and social enterprise sectors there is a growing thirst for a new forms of politics - people who may not necessarily join an existing party but might be part of a broader and more ambitious new political alliances for change. The flatter world and therefore potentially more democratic and egalitarian society is starting to surface.

Does the context to make big progressive change happen, like a world without poverty, ever feel easy? Do anti-poverty campaigners feel like the wind is in their sails and it will all be plain sailing? Probably not. A world without poverty will always be a struggle. But understanding the context, how deep the hole is and therefore what intellectual and organizational resources are needed to fill it and over what time period, is essential.

The picture painted here is one that suggests the short-term hopes are problematic – but the bigger picture context could be historically favourable to a world without poverty if we can change the system – a system that is ripe for change. But like Hayek, and the people who started the 100-year conversation to get us to 1945, the best way to deal with any context is to dig the deep foundations of ideas and organization to make what you want to happen the most powerful force on offer. The alternative is to chase, nudge and be compromised by immediate tactical concerns. Then history makes us! As Hans Magnus Enzenberger has said "*short term hopes are futile – long term resignation is suicidal*".

The prospect of an increasingly flattened world – the social, economic and cultural planes on which greater democracy and equality can in theory be practiced – is the context in which a world without poverty can be realized; not because it will be banished from on high by politicians pulling policy lever but because it will be built and sustained from below, by and for the people who need it to end the most. A world without poverty, given the context, can become a feasible and desirable reality because the seeds of the future and increasingly the present allow it to be so. But only if we act.

