

# The Causes and Cures of Brexit

Edited by  
Neal Lawson

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# The Causes and Cures of Brexit

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# Introduction

The Brexit vote was the biggest single democratic revolution the UK has experienced in decades. In hindsight everyone saw it coming, but at the time the news when it trickled through in the early hours after the close of polling was a seismic shock. It still is. That was because the reasons were so deep and the distance between sections of our country a now obvious chasm. Complexity plus complacency were the causes of a Brexit tsunami that was decades in the making.

In the 27 months that have followed, no systemic political analysis has been made to get to grips with the reasons for Brexit, let alone the cures. Anthony Barnett, almost alone, has written a terrific book, *The Lure of Greatness*<sup>1</sup>, which gets under the skin of the national political mood, but where is an ambitious and coherent national response? Theresa May feigned some interest the day she took over as PM, but then almost immediately turned Brexit into a political football by trying to divide Labour from its heartland seats. Because of these very real divisions between many of its voters and members, Labour has so far found it hard to construct a meaningful approach to Brexit. Its 2017 election manifesto addressed some of the issues, but there has been no coherent or significant attempt to look at the causes of Brexit and the possible cures.

It is a vacuum that needs to be filled. While most debate centres on how Brexit should or should not happen, the reasons for the shock vote still

need to be fully investigated and responded to. Most of the writers here have a strong view on whether Brexit should happen, but they have been put aside for now, and instead they focus on reasons and responses from a Brexit-neutral position. Readers can make up their own mind about whether Brexit will help or hinder the required responses.

The essays in this publication cover many, but not all, of the root causes of Brexit. They stretch from issues of identity, power, voice, belonging, place and opportunity, to inequality, isolation and humiliation. The responses, of which there are many, range from considering more resources, focus and policies, to –critically – offering emotional awareness and empathy.

The predominant focus of the nation over the coming months will undoubtedly be on the how and whether of Brexit. Competing forces will try and push it through or stop it. But some attention has to be focused on why the vote went the way it did, and what needs to be done to address the underlying concerns of those who voted Leave. Leaving the EU will not in itself address all the causes of the referendum result, and if for any reason Brexit does not take place there will be even more reason to tackle the reasons for the vote. Much of the necessary analysis and many of the needed responses are contained in the pages that follow.

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<sup>1</sup> A. Barnett, *The Lure of Greatness*, Unbound, 2018.

# Listening to those who control little in their lives

Renata Cuk and Manos Moschopoulos

The Open Society Initiative for Europe is one of many organisations that tried to understand the reasons behind the British public's decision to leave the European Union, so we went outside of London, to Salford, Newcastle and other Leave areas to ask people how they felt about Brexit, but also their own livelihoods in today's Britain.

People told us about EU nationals that moved into council flats after good, hard-working British families were evicted. About migrants working for less money, putting them out of their jobs. Politicians did not care about them and their livelihoods and it was an opportunity to let them know that the money spent on the EU should be spent on Britain instead.

People have cited statistics to show how people from EU accession countries accounted for only 4% of social housing tenants in 2015, or pointed to the service of migrants in the NHS, or explained how EU funds have been used to benefit British towns. But the lived experience of too many people is one of a society where they've not been offered a fair chance to a better future for themselves and their loved ones. There is a growing number of working poor people, while precariousness has negatively impacted health and mental health in particular. The lack of affordable housing and the rise in homelessness, alongside the general decline of living conditions, also contributed to a lack of hope in the future.

However, the problem is not who moved into the council flat, it is why was the family living there was kicked out in the first place. Not who it is that got a low-paying job, but that an increasing

number of employment options have become precarious and unsustainable. Not who is waiting in the hospital queue and where they are from, but why there are not enough doctors on the other side of the door.

The Leave campaign's slogan promised that British people would 'Take Back Control.' People have been shut out from decision-making processes for too long, thinking that 'politics' is not for them. In this publication, Ben Lucas writes about the need to transfer power not just "from Whitehall to town hall," but the creation of a true local democracy. We have witnessed attempts by communities to take back control over their lives – not through scapegoating those that are worse off, but encouraging solidarity. This would be the first step not only to restore faith in politics, but also to help communities decide how their resources are spent, rather than worry about how many people they have to share them with.

This collection of essays is an attempt to start a discussion about how Britain can become a fairer society to live in. Regardless of the terms under which Britain will leave the European Union, there is an enormous task ahead for those in government to deliver infrastructure, services, houses and jobs. It is now time to start asking how we can contribute to a society where people live with dignity.

**Renata Cuk** is Project Head and **Manos Moschopoulos** is Senior Program Officer at the Open Society Initiative for Europe



# Brexit: a view from the continent

Christos Katsioulis

From a continental European standpoint there are two possible perspectives on Brexit. Version one is the complacent one about the eccentric Brits that never really wanted to be in the European Union and have now left for good. This perspective allows for an attitude of even more self-approval and moral righteousness about Europe. From this point of view, Europeans can sit back, do nothing and watch the United Kingdom running down the road to ruin. Version two, however, is informed by self-awareness and caution. It thus sees Brexit and the causes leading up to this decision as a mirror for developments taking place in other countries as well. A look at the essays of this publication tells the progressive reader that complacency on part of Europe would be the wrong choice.

The rise of right-wing populists and extremists all over Europe, the weakening of the democratic core, and deep rifts in many European societies are symptoms of a similar thinning social fabric all over the continent. Issues like run-down public services, collapsing infrastructure like the bridge in Genoa, an unfair distribution of economic gains and losses, as well as deepening splits between thriving cities and suffering towns are part and parcel of the political agenda in many member states of the EU. And similarly to the Brexit vote, immigration has been the divisive factor for most societies. In the aftermath of the 2015 Syrian crisis and the increased arrival of war-refugees and other migrants on European shores, EU member states have not only been struggling with how to best deal with this challenge, but their

political landscapes have changed.

There seems to be a European alliance of right-of-centre parties which suggest that a limitation of migration will solve any political problem. These parties have been feeding off a broader discontent in societies and offered “the migrants” as an easy scapegoat. And even some progressive parties, most notably in Scandinavia, have adopted these positions and offer similarly strict policies on migration as their right-wing counterparts. But, as in the case of Brexit, there are deeper issues at stake here.

So, the analytical Post-Brexit vacuum in the United Kingdom has a post-2015 sister in Europe. The insights offered in this publication are therefore not only helpful in understanding the British case. They can be seen as a wake-up call for European progressive parties to look at the root causes of the tectonic shifts that have started to change their political world. These changes will not be stopped by one or another version of Brexit, nor by more restrictions on immigration. They need to be shaped for the good of our societies in accordance with the many interesting and useful suggestions that you will find in this publication.

**Christos Katsioulis is Director  
of the Friedrich-Ebert-Stiftung  
London Office**



## 1. DEMOCRACY

# How did we get here?



# **We should have known this was coming**

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John Harris

## **‘If you’ve got money, you vote in,’ she said. ‘If you haven’t got money, you vote out.’**

The woman I was speaking to lived in Collyhurst, an area of North Manchester ten minutes’ drive from the city centre. I was there a week before the referendum on Britain’s membership of the European Union, and I was confronted with a vivid picture of political polarisation: around the city’s university area, it was pretty much impossible to find anyone voting ‘Leave’; whereas in Collyhurst, the polarities were completely reversed.

Across the age range, and beyond the stereotype of all supporters of Brexit being white, everyone we met wanted out of the EU. When they explained why, people talked about their fears of a future in which even the most basic expectations – of education, work, housing, and all-round security – seemed clouded in doubt. Immigration was a subject tangled up with exactly this sense of uncertainty, to the point that it was almost impossible to discuss as an issue in itself.

In a community of 7,000 people, there was no children’s playground. The only cashpoint charged for withdrawals, and the nearest supermarket was a £2 bus ride away. After an attempt at regeneration that had been killed by the coalition government’s cuts, Collyhurst was now scheduled for redevelopment – but rather than optimism about what was planned, I tended to hear worries about the area’s residual community spirit being threatened by a new wave of what some people call gentrification. That said, in the face of all this, people’s main source of hope was a local scheme that had put power in the hands of residents, and allowed them to spruce up some of Collyhurst’s streets, and given the area a new sense of stability and possibility.

Still, the proximity of central Manchester’s completely revived urban wonderland made Collyhurst the most vivid example I saw of the way that voting Leave was tangled up with deep inequality. I had heard much the same things in such places as the post-industrial Welsh town of Merthyr Tydfil, Stoke On Trent, and central Birmingham. Indeed, in the three years leading up to the vote, as I had travelled all over England and Wales for The Guardian’s Anywhere But Westminster video series, complaints about neglect and insecurity had become such a regular part of my experience as a journalist that I began to get a strong sense that sooner rather than later, something in politics would snap.

And then, on June 23rd, it happened. When the phone rang at 4 o’clock on the morning after the vote, and an editor at the Guardian asked me to write something about what Brexit said about the condition of Britain, the basic point came to me in a flash: “Here is a country so imbalanced it has effectively fallen over.”

For a few months, it was fashionable to talk about the referendum as a watershed moment in terms not just of Britain’s relations with Europe, but our collective understanding of the condition of our own country. The idea that Remain supporters were now obliged to listen to people who had voted Leave instantly became a cliché. Even more than during the referendum campaign, journalists were dispatched to areas of the country now called the “*Brexit heartlands*” to discover what was eating at people. And the new Prime Minister seemed to be brimming with a determination to get to grips with inequalities that had festered for far too long.

“In June people voted for change,” said Theresa May, in a conference speech that quickly became



the symbol of a project that never materialised. The referendum, she said, was a “call for a change in the way our country works – and the people for whom it works – forever”. She promised “an economic and cultural revival of all of our great regional cities”, while the power of government would be placed “squarely at the service of ordinary working-class people”, and the gap between “the wealth of London and the rest of the country” would be narrowed.

As far as Labour was concerned, a sense of a social and economic model that was fraying at speed had been a big part of the explanation for the election as leader of Jeremy Corbyn just under a year before the referendum. Ever since, he and his allies had been making the case for a leftward turn in politics that would answer some of the problems that had fed into the Brexit vote. Some of their policy plans – for example, the ‘Preston model’ of using councils to boost local economies – have since been developed. But even with the best of intentions, frontline politicians often seem to be trapped in a political discourse that is big on high-pitched rhetoric and factional conflict, but not very good at specific proposals, and the long view. The process and politics of Brexit, moreover, now so dominate our politics that carving out space for anything else too often feels pretty much impossible.

As my visits to Collyhurst suggest, I have never been anywhere that is completely devoid of hope, nor wholly lacking the social capital it takes to address seemingly deep-seated problems. Instead of an assumption that people and places are so on their knees that they require help that can only come from outside, any plans aimed at changing the social fabric of the country have to start with this realization. Collectively, we will have to overturn that accepted prejudice whereby large swathes of the country are habitually reduced to a set of grim clichés, as if the wealthiest parts of

big cities are shining beacons of innovation and prosperity, and everywhere else is full of boarded-up shops. The reality is more nuanced than that, and it does not diminish the importance of the politics of inequality to acknowledge it.

Nonetheless, the imbalances that the referendum brought to a head are stark enough. Any project aimed at tackling them will have to focus on an array of issues: the functioning of local and national democracy, the future of the economy and job market, education, our urgent need for homes, and deep cultural questions – particularly about England, and the values that people project onto it. The imperative to do so ought to originate in the basic progressive impulse to increase equality and give people the maximal degree of agency and opportunity, but it also has another, even more urgent aspect.

We live in fragile, dangerous times, and if these questions do not receive answers, then the Brexit vote will prove to be only the first of many convulsions that may yet threaten some of the most basic elements of our democracy. The stakes, then, are unbelievably high: one of the reasons why the collection of writing here is so welcome.

**John Harris is a columnist  
for the Guardian**

# **Brexit, we have the answers to the causes**

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Caroline Lucas

**We should have seen the referendum result coming. For millions the status quo isn't working. Life is unstable, unfulfilling and unfair. And given the option to send a message to Westminster – or, as Russell Brand would have it, to press a bright red button that said 'F off establishment' – it's not surprising that so many people took it.**

Too many people spend too many hours working in insecure jobs to pay rocketing rents. The cost of living continues to rise<sup>1</sup>, while average earnings remain almost £800 a year lower than they were ten years ago<sup>2</sup>. As a nation, we are £19 billion in debt on our everyday bills.<sup>3</sup>

Successive governments have neglected remote parts of Britain and former industrial areas, where it's harder to get a good education, to get a good job – or even to get around, thanks to inadequate transport links.<sup>4</sup>

In the six years before the EU referendum, growth in life expectancy – which had been rising for a

century – saw a 'notable slowdown', worse for women than for men.<sup>5</sup> This is the human cost of government policies driven by individualism, corporate profit and contempt for the public sector – implemented by politicians elected under a system where most votes don't count.

But not everyone has suffered in the same way. The truth is that the UK today is host to grotesque levels of inequality. As the Social Mobility Commission's 2017 report observes: 'There is a fracture line running deep through our labour and housing markets and our education system. Those on the wrong side of this divide are losing out and falling behind.'<sup>6</sup>

It's no accident, then, that the 30 regions identified by the Commission as the worst 'coldspots' for social mobility – from Weymouth to Carlisle – all voted Leave. Nor indeed that seven of the poorest ten regions in northern Europe are in the UK – and that all had substantial majorities voting for Brexit in the referendum.

A poisonous cocktail of de-industrialisation, the financial crisis and an ideological assault on public services came together in the Brexit vote, and the genius of the Eurosceptic right was to blame the EU and immigration. When the Brexit campaign offered people an opportunity to 'take back control', it's no wonder so many jumped at the chance.

<sup>1</sup> A. Barnett, 'The Lure of Greatness, Unbound', 2018. P. Inman, 'Rising fuel prices push up UK inflation for first time in 2018', Guardian, 15 August 2018, <https://www.theguardian.com/business/2018/aug/15/rising-fuel-prices-push-up-uk-inflation-for-first-time-in-2018>.

<sup>2</sup> A Resolution Foundation, 'Britain's 12-month pay squeeze ends as jobs market breaks new records', press release, 17 April 2018, <https://www.resolutionfoundation.org/media/press-releases/britains-12-month-pay-squeeze-ends-as-jobs-market-breaks-new-records/>.

<sup>3</sup> R. Partington, 'UK households face hidden debt of almost £19bn – Citizens Advice', Guardian, 21 August 2018, <https://www.theguardian.com/money/2018/aug/21/uk-households-face-hidden-debt-of-almost-19bn-citizens-advice>.

<sup>4</sup> A. Milburn, 'Social mobility is a stark postcode lottery: too many in Britain are being left behind', Guardian, 28 November 2017, <https://www.theguardian.com/inequality/2017/nov/28/social-mobility-stark-postcode-lottery-too-many-britain-left-behind-alan-milburn-commission-report>.

<sup>5</sup> A. Evans, 'Changing trends in mortality: an international comparison: 2000 to 2016', Office for National Statistics, 7 August 2018, <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/articles/changingtrendsinmortalityaninternationalcomparison/2000to2016>.

<sup>6</sup> Social Mobility Commission, State of the Nation 2017: Social Mobility in Great Britain, 2017, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662744/State\\_of\\_the\\_Nation\\_2017\\_-\\_Social\\_Mobility\\_in\\_Great\\_Britain.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017_-_Social_Mobility_in_Great_Britain.pdf).

Yet those driving the government's agenda are using Brexit to accelerate the very ideology that got us into this mess. They support policies that would make us more like the United States where, without the safety net of social security benefits, falling ill or being made redundant can quickly lead to homelessness.

The American Dream promises a better life, if only you work even harder. It tells you poverty is a personal failure – or encourages you to point the finger of blame. When there's no voice or a hope for the future, the emergence of Donald Trump is inevitable.

British voters were right to demand radical change – those in power owe them action to rebalance our unequal society.

There are some core policies that would begin to make a difference. Workplaces, where some staff are valued more than others, are a good place to start. Chief executives received pay rises of 11% last year, while everyone else was granted just 2%.<sup>7</sup>

The biggest employers will soon be forced to publish pay ratios, but ministers must go further – imposing policies to ensure the highest paid receive no more than ten times the salary of those at the bottom of the pay scale. If corporations want to spend millions on board members, they'll have to pay cleaners six figure sums.

As well as making it harder for firms to justify poverty wages, fairer pay ratios could create more equitable workplace cultures, where bosses value and listen to their employees.

As a bare minimum, everyone should earn enough to cover the basics. The Living Wage Foundation puts the cost of a decent standard of living at £8.75 an hour – or £10.20 in London. Over time, a basic income scheme would guarantee a core of economic security for everyone, a land value tax would help prevent the accumulation and speculation of capital in properties in the south, and a wealth tax would start to redistribute resources more fairly.

But we don't only need a new social contract – we need a new constitutional settlement that will reinvigorate our democratic institutions and genuinely give power back to people. The UK is one of the most centralised countries in Europe, with swathes of England – with no parliament of its own – remote in distance and attention from London, chronically poor, isolated and disempowered. This needs to be reversed, with a serious devolution of power to city regions and counties.

A constitutional convention would see our archaic House of Lords replaced by an elected second chamber – perhaps based in the north as a symbol of the dispersal of power – and would replace our rotten first past the post electoral system, in which the majority of votes cast simply don't count, with a proportional system.

People understood that in the EU referendum every vote mattered, and turnout was huge as a result. That needs to be the case every time we go to the polls.

**Caroline Lucas is Green MP  
for Brighton Pavilion**

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<sup>7</sup> BBC, 'Chief executive pay jumps 11% to almost £4m last year', 15 August 2018, <https://www.bbc.co.uk/news/business-45183881>.



# What the polling shows

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Lewis Baston

Europe was not high on the public's agenda before the referendum. A very small proportion of the electorate was exercised about it in 2008 and 2009 at the time of the Lisbon Treaty or when David Cameron conceded to hold the referendum in 2013. Since 2016, it has been over 40%. To use a medical metaphor, the current Brexit cultural war is iatrogenic – it is an illness that has been caused by a botched attempt to cure the problem. The two referendum camps involved large numbers of voters with incompatible aims, many of whom did not feel strongly one way or another about the EU. While one can pick over the details of the vote, it might be useful to look at the other issues the public worry about.

The polling organisation Ipsos MORI produces Issues Index, which shows the long-term trends in the British public's concerns in a relatively consistent fashion. It goes back to 1974 - although before June 2008 it was part of Ipsos MORI's Political Monitor. Figure 1 shows what the public thinks are the five most important issues between 2007 and 2018.

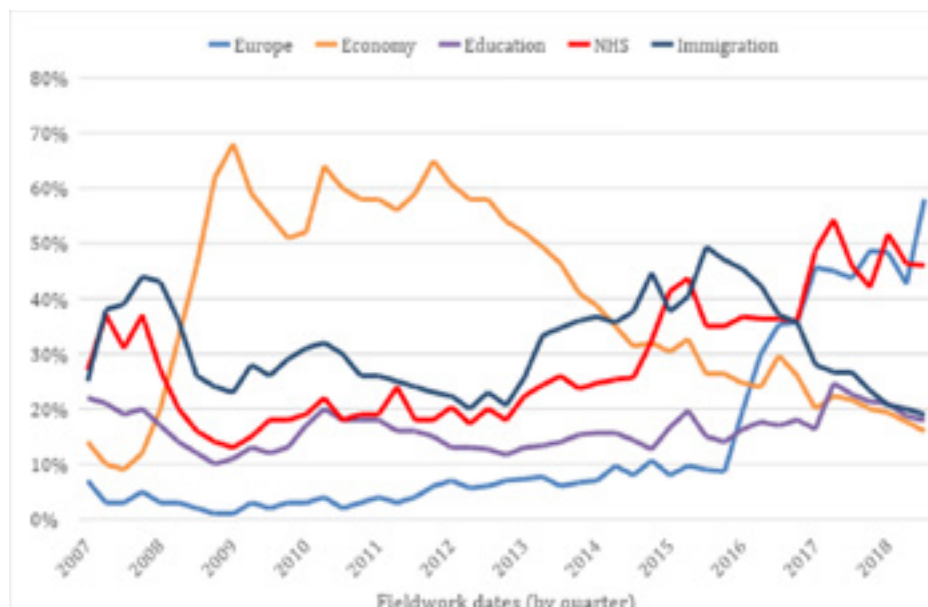


Figure 1: What the public thinks are the five most important issues facing Britain, 2007-2018<sup>1</sup>

Figure 1 shows that education has been a regular concern for 15–20% of the public, year in, year out. Over the years, the number of people thinking that housing is one of the most important issues facing Britain has risen from around 7% in 2012 to close to 20% in 2018. In contrast, the number concerned about the NHS has risen more dramatically; in 2011 it was a mid-ranking public services concern like education but in 2018 it is rated the second most important issue facing Britain. Concerns about the NHS have not been crowded out by apprehension over Brexit (rated the most important issue of all in 2018).

The figures from the Issues Index suggest that the electorate is concerned about the state of public services, particularly the NHS, after eight years of austerity.

<sup>1</sup> Source: G. Skinner and M. Clemence, Ipsos MORI Issues Index Archive, 18 February 2013, <https://www.ipsos.com/ipsos-mori/en-uk/issues-index-archive>.

There is a long cycle in opinion about public services, to which parties respond; in 1979 an electorate that wanted lower taxes was willing to see some cuts made, while by 1997 the demand for better services was paramount. It seems clear that by 2018 the cycle has swung again towards tax and spending.

But perhaps there is another dimension to public services. It is futile to deny the role of social conservatism, and in particular nostalgia, in driving the Leave vote. Nostalgia in politics is by definition a conservative phenomenon, but it is far from always Conservative. Yearning for a better yesterday will sometimes suggest there are demands for change, for example for strong trade unions and generously funded schools and hospitals. Part of the Leave vote can be interpreted as a revolt against complexity and remote forces, which set up confusing structures that treat people like rats in a maze. Although there is a limit to what government can do to reduce the amount of confusion and complexity in life, it should at least be possible to make the public services more coherent and remove the confusing mish-mash of agencies, contractors and trusts that currently exists.

Immigration as an issue is closely related to Europe and the vote for Brexit. The fact that the importance given to Europe and to immigration as concerns by the public has been practically reversed since 2015 suggests that the same group of voters were expressing the same socially conservative priorities using the language of 'controlling immigration' in 2015 and 'ensuring Brexit' in 2018. The best thing a progressive party can do about social conservatism is to make the dividing lines of politics about something else. Some people with moderately socially conservative views are prepared to vote for a liberal party that delivers on a popular

social and economic agenda. But others will never come over, and pandering to them is a counterproductive waste of time. In 2017, only a few of Labour's supporters were still concerned about immigration, while among Conservatives it was a big issue for 39%.

The rise and fall in the proportion of the population who are concerned over the economy between 2007 and 2018 obviously reflects the crisis in 2008 and the first years of austerity. However, just because the proportion who think this is a concern has fallen since then to some 20% in 2018 this does not mean that people do not care – just that there is not a pressing national agreement that it should be done differently. It would rise sharply as it did in 2008 should there be another crisis. Polling can only do a limited amount to illuminate questions that involve trade-offs and consequences. One has to navigate by principles. For instance, it is practically impossible to have a successful economy running at nearly full employment that does not attract immigrants. The best way of controlling immigration is to have high unemployment and a depreciated currency. This recipe means that the Croslandite idea of using the proceeds of growth to reduce inequality is impossible. One must either give up on redistribution or use more radical tools to achieve it. The politics of zero-sum redistribution will probably be even harsher on all sides than it is now.

In late 2017 Ipsos MORI broke the electorate down into four principal groups based on their 2017 Issues Index polling (plus a fifth, small one of people with a strong interest in politics).<sup>2</sup> Only one of these, the 'Bothered by Brexit' group (26%, of whom more than two-thirds are men), regards Brexit as an overpowering issue but the group is divided between passionate Leave and Remain tribes. The largest chunk of the electorate are 'Young, Urban and Unengaged' (28%, Labour-inclined if they vote). Another Labour-inclined segment is the 'Public Service Worriers' (21%, strongly middle class, 67% women), whose numbers might be expected to grow. Least promising for Labour is the group 'Traditional Misgivings' (21%, strongly represented among older white people with few qualifications), whose concerns are immigration and the NHS.

Liv Bailey and I conclude in *For the Many* that progressive answers must resist the politics of 'us' versus 'them'.<sup>3</sup> As the opportunities and prospects of different parts of the country diverge even further, any incoming government that wants to address the causes of the Brexit vote must design a policy agenda that bridges rather than widens the growing divide. Labour hit on a reasonably successful campaign formula in 2017 by parking Brexit, addressing the public desire for better public services, and speaking to the traditional Labour themes of fairness and compassion. It will be harder to ignore the consequences of Brexit by the next election, but even more important for any progressive party to make a popular offer on the public services rather than take a side in a cultural war.

**Lewis Baston** is an elections and polling analyst and a contributing editor of *Progress* magazine.

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<sup>2</sup> G. Skinner, M. Clemence and A. Sperati, 'Issues Index: the five tribes of Great Britain', Ipsos MORI, 5 December 2017, <https://www.ipsos.com/ipsos-mori/en-uk/issues-index-five-tribes-brexite-britain>.

<sup>3</sup> Olivia Bailey and Lewis Baston *For the Many: understanding and uniting Labour's core supporters*, (2018), Fabian Society

# Political change is on the way

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Jon Trickett

**Hush! Just be quiet a moment. Listen carefully. There is something rustling in the undergrowth. If you are really still, you might even hear it in the Westminster jungle. It's difficult to recognise what it is at first or where it is coming from, but it is there: voices from large parts of England. Voices signalling deep unease, a sense that things are not as they ought to be.**

When talking of England, many commentators speak about areas that have been 'left behind'. Our small towns and villages once sustained by industry or agriculture, or our seaside towns formerly fuelled by tourism. They talk of the people who live there, and how they have remained still while everything around them has changed.

But these places and people haven't been left behind. They have been held back. And let's not be mealy-mouthed about it. They have been held back because wealth and power is concentrated in too few hands, among people whose primary purpose is to reinforce their own privileged position, by strangling the life out of our democracy.

And there's a cultural gulf too between those who rule and the rest. Between the two, we might join with E.M. Forster who remarked: 'They had nothing in common but the English language.' In more ways than one, Westminster and the City are a world away.

While those with power treat politics like a game, and rig it in their favour through all manner of tricks, most people just want our country to be a fairer place. It's not much to ask.

If you work hard and play by the rules, you should be able to get on in life. The life you lead should be purposeful; the bonds that tie your communities together ought to be strong; and the place you inhabit ought to be familiar.

But all too often this is not how it is.

I live in a small Yorkshire village in the heart of England. Here neoliberalism has bitten deep: libraries gone, schools bankrupt, hospitals barely coping, empty shops, pubs closed.

Youngsters trapped in a village with no youth services and few prospects. The mines long ago shut down; no local jobs except warehousing. The only choice is to travel miles for a job or move away forever. No real apprenticeships and, if you are lucky enough to get to university, it's more or less certain that you won't come back; and wherever you end up you'll be in debt up to your neck.

And what about the appearance of the place? It's rapidly changing. New houses everywhere, few of them at an affordable price. Identikit estates you could find anywhere in England, each ignoring the local distinctive architectural vernacular that gives a place its identity.

Our village is becoming a small town. It's not that we are NIMBYs; we need new housing but no one ever asked those of us who live here about how it should happen. The distance between our village and the next is now little more than a couple of fields. In the end there is a risk we will merge into one amorphous settlement with our centuries' old local identity lost.

This change, rapid and profound, has induced in people a deep sense of alienation and frustration. The experience of globalisation feels to many as if the country is on a runaway train moving at breakneck speed to an unknown destination. Yet many of the passengers are occupying carriages that have been – perhaps deliberately – decoupled from the engine.

The result is that an ever-growing number of people feel that they are being screwed over by a system that isn't working for them, and that the needs of their communities are ignored.

But if the experience of change has resulted in a fear of the future, should the Left then offer a return to a presumed golden past? The answer is no. Let us not needlessly peddle nostalgia like our political opponents. Let us have real purpose and vision. As Abraham Lincoln once said: 'The best way to predict the future is to create it.'

Our response has to be to offer a new kind of modernity, one with hope at its core. Of course, we need to break with the neoliberal economic consensus, the source of much of our troubles. But we must acknowledge that our politics – its structures and culture – is also at fault. It is for this reason that I have come to the view that we need deep democratic reform.

We need a new politics that fulfills the democratic promise of universality and popular sovereignty by returning voice and choice to local communities by wresting control from the tiny golden elite circle that has been utterly irresponsible in its exercise of power.

For, as it stands, the central organising value underpinning democracy – that of majority rule with the rights of minorities protected – is simply not operating as it should. This has led to widespread alienation from party politics and a crisis of legitimacy in how the country is governed.

In the face of this and in order to recover faith in our political system, we need a political, cultural and institutional revolution which reasserts the principles of community, universality and equity.

Our ultimate aim must be to give people the capacity to act in the face of a rapidly changing world, which deprives them of agency. We must give them the tools to turn their frustration into productive energy capable of transforming their communities and this country for the better.

This is why the Labour Party has committed itself to creating a citizen-led People's Convention to change the way we are governed. But we are not looking for a quick fix; no single policy will give us the outcomes we want. We are looking to initiate a wholesale transformation of our democracy, breaking up political power wherever we can and giving it back to the regions and communities that have for so long been deprived of it. Politics must become something we do, not something that is done to us.

**Jon Trickett is the Labour MP for Hemsworth and Shadow Cabinet member for the Cabinet Office.**



# **'It's the democracy, stupid': Brexit and the decline of democratic faith**

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Frances Foley

**Like divine power in wars of the past, democracy in the Brexit debate is always 'on our side'. The basic question of democracy is about who has power, to do what and under what conditions. Democracy is called upon to justify any position - from a hard Brexit to a second referendum.**

But in all the debates over Brexit, one question remains. What does Brexit reveal about the country's faith in democracy? The fact that this question has been overlooked itself suggests an absence of this faith and strangely it seems particularly acute among those who proclaim the need for greater democracy: progressive Remainers - of which I am one. Their reactions to the vote have often been passionate, at times exhibiting outrage and indignation. At worst, they seem blind to their own social and cultural capital.

The emphasis here is on progressives because of their stated belief in democracy and equality, and the political gulf between the middle and the working class that Brexit has exposed. This gulf long precedes Brexit, but the referendum has only widened it. Social class is a slippery concept, but it would be a mistake to overlook its contemporary power.<sup>1</sup> Understanding the causes of Brexit requires a thoughtful analysis of class - particularly the questions of culture and identity which surround it.

Certain Remainers' claims that the referendum result should be discounted display a lack of democratic faith. There were attempts to depict Leavers as naive and ignorant, easily deceived by figures and slogans.<sup>2</sup>

The notorious bus suggesting we divert the "£350 million every week" spent on the EU to fund the NHS was used to show Leavers as gullible rather than focusing on the falsehoods of the Leave campaign.<sup>3</sup> If you could discount a result due to lies in a campaign, it would rule out most elections in history. But the bus served the convenient purpose of revealing Leavers to be easily led and, for some, not deserving of a vote.

Such arguments lie just beneath the common claim that Leavers 'voted against their own interests'. Many repeat the supposed irony that regions that voted for Brexit are likely to be the economically hardest hit.<sup>4</sup> As Joan C Williams has pointed out in her US study, the working class are used to being told that they're bad patients, bad spouses or bad parents by middle class doctors, lawyers and teachers.<sup>5</sup> If the working class cannot make good choices about their own lives, how can they be trusted with the fate of the nation?

But progressives may have missed a chance to examine a phenomenon they'd long argued for: that political ideals can trump economic self-interest. Some undoubtedly recognise that certain groups felt excluded from, as well as impoverished by, the political process. And they can see that Brexit is a response to legitimate grievances. But the demand may not have been just 'to be heard'; it may have been an assertion of power, a questioning of authority and a demand for respect. It is frustrating not to be heard, but it is worse to be heard and then ignored. Worst of all is to be heard and told that you're ignorant or bigoted.

<sup>1</sup> Mike Savage "Social Class in the 21st Century" (2015), Pelican: London

<sup>2</sup> Source: [https://www.indy100.com/article/leave-voter-regrets-voting-leave-when-he-realises-it-means-were-now-leaving--Z1btq\\_FnVW](https://www.indy100.com/article/leave-voter-regrets-voting-leave-when-he-realises-it-means-were-now-leaving--Z1btq_FnVW)

<sup>3</sup> Source: <https://www.independent.co.uk/news/uk/politics/nearly-half-of-britons-believe-vote-leaves-false-350-million-a-week-to-the-eu-claim-a7085016.html>

<sup>4</sup> Source: <https://www.theguardian.com/politics/2017/mar/27/parts-of-uk-that-voted-for-brexit-may-be-hardest-hit-study-finds>

<sup>5</sup> Williams, Joan C "What so many people don't get about the US working Class", (2016), Harvard Business Review <https://hbr.org/2016/11/what-so-many-people-dont-get-about-the-u-s-working-class>

A binary vote is a crude method of deciding political debates. But it was a political last resort for some voters, the rare opportunity to wield a blunt political instrument. As a political panic button, voting is quite effective. Ideally, a ballot should be the final democratic act in a careful process of deliberation and dialogue. In this case, that conversation never got beyond a shouting match, in which both sides talked past each other for a few chaotic months.

But for once everyone's vote counted equally. The tragedy was that the referendum was used to answer a very complex question under difficult conditions. Yet the roots of post-referendum divisions lie not in the campaign itself, but much deeper, in a society still riven by class. The shock of Brexit was for many Remainers as much about a perceived loss of power as about leaving the EU.

It would be inaccurate to characterise the Leave vote as purely working class. Large numbers from social classes A, B and C across the country voted out - mostly in rural areas or small towns - and not all working class voters voted to leave.<sup>6</sup> Yet cultural identity and class affinities nonetheless helped determine our vote, on both sides.<sup>7</sup>

For some in the Remain campaign, equality did not seem to feature in their thinking. They did not acknowledge that the EU may have benefited some citizens more than others or foresee the scorn which met their economic warnings (as one woman put it, "that's your bloody GDP. Not ours."<sup>8</sup>)

Progressives who claim to care about democracy should accept the need for a transfer of political power, even if this means ceding some of their own influence. Democracy is about enabling people to make important decisions for

themselves, even ones you don't always agree with. This does not discount deliberation - but in a democracy, we accept a collective fate determined by equal input.<sup>9</sup> We should move to a proportional system in which votes always matter equally, a measure that may even increase participation. When it really counted, three million non-voters went to the polls, the majority backing Leave.

Remainers should treat Brexit as a serious position rather than discrediting Leavers; too often Leavers have 'concerns', not 'opinions'. We should not dismiss a result as beyond the pale by labelling it bigoted rather than engaging with underlying causes and motivations. This demands that we seek more social contact with people from different classes - social segregation breeds mistrust.

Democratic faith can only be restored when we're only ever as powerful as our fellow voter. If they disagree with you, it's time to put in the work to change their minds - or change your own.

**Frances Foley** is Campaigns and Projects Coordinator at Compass

<sup>6</sup> Source: [http://natcen.ac.uk/media/1319222/natcen\\_brexplanations-report-final-web2.pdf](http://natcen.ac.uk/media/1319222/natcen_brexplanations-report-final-web2.pdf)

<sup>7</sup> Goodhart, David "The Road to Somewhere" (2017), 19 - 21

<sup>8</sup> Chakraborty, Aditya "One blunt heckler has revealed just how much the UK economy is failing us" (2017), The Guardian - <https://www.theguardian.com/commentisfree/2017/jan/10/blunt-heckler-economists-failing-us-booming-britain-gdp-london>

<sup>9</sup> The project I ran before the referendum demonstrated not only citizens' ability to deliberate, but also their appetite for it: <https://static1.squarespace.com/static/5525bbf5e4b026f75314c09b/t/584933c9ebbd1a6ef7458416/1481192400589/euinorout.pdf>



## 2. IDENTITY

# Who is we?



# Towns with hope

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Lisa Nandy

**Glance at a map and the pattern becomes clear. From Cambridge to Manchester, cities overwhelmingly voted Remain while surrounding towns and villages voted Leave. Separated by just a few miles, our cities and our towns have become different worlds.**

We are, as Will Jennings and Gerry Stoker describe it, ‘two Englands’ with increasingly different outlooks and priorities.<sup>1</sup> Forty years ago, towns and cities had similar views on immigration, the common market, lesbian, gay, bisexual and transgender (LGBT) rights and social security, but in recent decades these have sharply divided. Our socially conservative towns are far more likely to believe that politicians don’t care about them or their area than the socially liberal cities nearby.

Behind this is a striking demographic shift.

When I was born in Manchester in 1979, like most cities, its population was older than that of the surrounding towns. But as we’ve documented at the Centre for Towns, disappearing industry and a decades-long city-led growth strategy has reversed this trend and towns, once younger than nearby cities, are now significantly older. The working-age population has been lost and jobs that remain are low-skilled and low-paid.<sup>2</sup>

This loss of spending power accounts for the many problems raised on doorsteps during the referendum campaign: declining high streets, transport networks and community institutions

– the pubs, banks and libraries that, as Jesse Norman wrote, ‘help to shape and define us as we help to shape and define them’.<sup>3</sup> The fabric of entire communities has eroded and the beating heart of communities been ripped out. As young people have left, families have been torn apart. Loneliness is rising and towns are at the sharp end of the social care crisis. Theirs is not an irrational anger.

Despite the ‘left behind’ narrative in Westminster, it wasn’t in areas where people had ‘nothing left to lose’ that they felt most strongly about voting Leave. These are people with jobs that have got less secure, mortgages that have got harder to pay, local services that are increasingly overstretched, in communities that survive but no longer thrive. For decades – as turnout fell and the UK Independence Party (UKIP) surged – towns have been trying to tell us there’s a problem. The referendum was their last line of defence for the things that matter: time with families, work that gives dignity and meaning, green open spaces, a strong sense of community and a belief that the future can be better than this.

The response from the political establishment – to label them little Englanders, racist or too stupid to understand the question – underscores why they are right to be angry. The referendum result was a political earthquake. It should have been a wake-up call, but instead we skipped straight to the technical and legal debate failing to acknowledge, let alone address, what triggered the Leave vote in so many towns. With Britain now on course for a potential hard or no-deal Brexit, we are responding to an explosion with yet more fire.

<sup>1</sup> W. Jennings and G. Stoker, G., ‘The bifurcation of politics: two Englands’, *Political Quarterly*, 2016, <https://onlinelibrary.wiley.com/doi/abs/10.1111/1467-923X.12228>.

<sup>2</sup> I. Warren, ‘The Aging of our Towns, Centre for Towns’, 2017

<sup>3</sup> J. Norman, ‘*The Big Society*’, University of Buckingham Press, 2010.



It can be different. ‘Take Back Control’ spoke directly to a yearning for much more control over the most fundamental things in life: family, home, work, community and the future. Their loss is felt acutely in towns, but people’s aspirations are no different in cities. Only real devolution will provide a remedy, not the city-centric model created by George Osborne, which concentrates investment in cities in the hope trickle-down effects will be felt by surrounding towns.

We need an economic plan that works for all parts of the country. In Silicon Valley, the State of California has used a combination of tax incentives and environmental regulation to create a world-class centre for clean energy. Yet in towns like Wigan and Barnsley, the mining industry has been replaced by minimum wage, zero hope jobs. Spend time there and the nostalgia is palpable, not for the industry itself but for work that has purpose and pride, pays decent wages, provides opportunities for young people and underpins a shared collective life. So often those towns are seen by Westminster as problems to be solved, but assets – open space, cheaper rent, loyal willing workforces and a legacy of expertise – are plentiful. What’s lacking is the infrastructure – broadband, transport, skills – because they are provided nationally by a government that is blind to our needs and potential.

That’s why towns like mine need the power to decide for ourselves: about our transport, where our trains have ground to a halt and our bus network has been cut by 10% since 2010; about planning, where the loss of greenbelt has erased the identity of small towns and villages, sucking us into the urban sprawl; about health

and social care, where services are increasingly concentrated in younger cities instead of the aging towns that need them; about arts and culture, where the Arts Council now spends £8 in Islington for every £1 across the whole former coalfield areas of England,<sup>4</sup> cutting us off from the arts and erasing our histories, identities and lives from the national story; and, more radically, about areas like immigration, where decisions are so often imposed rather than negotiated, fuelling anger and providing fertile ground for the far right. In all of these policy areas, empowering and trusting people produces a smarter, more humane and more sustainable response.

Across the world, the divide between urban and rural areas has stark consequences. In the USA, France, Germany, Austria, Turkey and India it has created, as Pankaj Mishra highlights, an ‘age of anger’, reckless, macho leaders and an emboldened far right.<sup>5</sup> It has created a crisis for the centre-left who have been unable to reach across the urban and rural divide, including here in the UK where after nearly a decade of austerity the left is losing ground in the towns most deeply affected by it. But the left’s dilemma – how to heal a divided and angry country – is the country’s dilemma too. Those two Englands must be reunited. The answer is power.

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<sup>4</sup> J. Mann, ‘Culture in the coalfields’, February 2018, [https://issuu.com/johnmannmp/docs/culture\\_in\\_the\\_coalfields\\_20.2.18](https://issuu.com/johnmannmp/docs/culture_in_the_coalfields_20.2.18).

<sup>5</sup> P. Mishra, ‘Age of Anger: a History of the Present’, Macmillan, 2017.



# English identity and Brexit

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John Denham

## **Among the most pressing post-Brexit challenges is England and its politics, governance, democracy and identity.**

It was England that provided the bulk of the Leave vote to take the UK out of Europe. It was ‘English England’, outside the major cities and where voters tend to prioritise their English identity, that found the appeal to ‘take back control’ strongest.

This crucial English dimension has been widely misrepresented, not least by some pro-EU campaigners who prefer to disparage their opponents as ‘English nationalists’ rather than engage with them. Will Hutton recently called for a ‘popular front’ to defeat English nationalism, and Peter Mandelson described Leave supporters as ‘English nationalists’ who ‘don’t like foreigners’. Something big did happen in England, but the lazy equation of Euroscepticism with the politics of English nationalism obscures the real links between national identity and the referendum vote.

It’s true that voters who identified as ‘more English than British’ were significantly more likely to vote Leave than their ‘more British than English’ counterparts. Yet the referendum campaign was conducted, by both sides, in the imagery and language of Britain and Britishness. England and the English were marked by their absence. A majority in Wales and substantial minorities in Scotland and Northern Ireland, where we can presume English interests played little part, also voted Leave. Even in England, there was little evidence of English nationalism at work. It is a strange type of nationalism that has no mainstream nationalist political party, no public nationalist intellectuals, and few links between nationalist aspirations and the cultural

and artistic expressions of Englishness. English nationalism as a political idea or movement played little part in the vote for Brexit.

National identities are not simple allegiances to nations, states, symbols or history, though they contain all of these. Our national identities also offer us a ‘world view’: a narrative we share about why things are as they are; stories that help us makes sense of our experiences. This is true of all national identities but is particularly important in a society where multiple and layered identities are not only accepted but the norm. Rather than everyone being urged or required to hold the same understanding of national identity, people are able to construct identities that reflect their own view of the nation.

England is diverse, and deeply divided by age, geography and education. Despite the many things we share, those divisions may also shape our experiences, aspirations and opportunities. Over the past 20 years they have come to be reflected in different understandings of national identity. Put crudely, ‘Britishness’ sits more lightly on those for whom the modern world – including the EU – works best. ‘Englishness’ has emerged most strongly for those who have been at the rough end of economic and social change and who were as likely to blame the EU for their woes as welcome its influence. Crucially, the English are least likely to feel anyone speaks for them in politics or in government.

It was not English nationalism that divided Leavers from Remainers, but a very real different sense of how the world works, and in whose interest. (We are not, of course, two entirely separate tribes save at the extremes. In most of us English and Britishness cohabit quite happily — not as a single identity but offering insights from both. It should be no surprise that the ‘equally English and British’ split roughly 50:50 on whether the UK should leave the EU).

However well or badly implemented, Brexit is not going to offer easy remedies for those who demanded to be heard. Calls to unite against the English are doubly dangerous. When the left hears the shout of people excluded from power, we should run towards them, not away. It should be our work to help them find a voice, not to them silence them. And if we don't, others will. Though the great majority now share an inclusive diverse view of Englishness, and support for English symbols and celebrations are strong across communities, the populist right is actively promoting and exploiting a dark, divisive Englishness.

A progressive agenda for England is necessary and, in truth, quite simple to construct. First, the left must want to represent these voters. Too often they think Labour doesn't stand for people like them, too often the left treats them with disdain. Honest conversations on immigration, for example, that start with listening, not judging, are essential.

The left must lead in ending the marginalisation of England and the English in our political life. The elite in the media, academia, politics and business identifies almost entirely as British and is actively hostile to Englishness. (To give just two examples: Labour policymakers – on English-only issues like schools and higher education – never talk about England; and the current UK Government boasts about policies for Scotland but never mentions England).

Acknowledging that England exists and is a nation in which English is both the most widely and strongly held identity would be a real step forward. In turn, the left must challenge England's double democratic deficit. We are the only part of the UK whose domestic policy is set by the UK government, the only place where we cannot

be sure that our laws will be made by MPs we elected with a government held accountable to them. We have no parliament to act as a focal point for debates about our nation. And the UK Government has imposed on England the most centralised government in Europe. England needs both national institutions of democratic government and entrenched, statutory, devolution of financial and executive power to elected local leaderships.

Crucially, the left must learn to frame its radical ambitions for economic change in the language of progressive patriotism, something that earlier generations of Labour figures (including Attlee and Benn) took for granted. Questioning who owns our companies, land and resources is national and democratic, as well as socialist.

The Brexit vote happened because no one wanted to speak for the English. Will the left learn the lesson, or leave the field open to the right?

**John Denham** is a former Labour Cabinet Member, now Professor of English Identity and Politics at Winchester University and Director of the English Labour Network

# **Brexit: a view from Scotland**

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Tommy Sheppard

## **I've been asked to give a Scottish perspective on why people here voted for Brexit. Or, more to point, why they didn't.**

Scotland's votes in the 2016 referendum were counted by local authority area – of which there are 32. The result was 32:0 as every single part of the country voted to remain in the EU. Admittedly in some areas, especially in the north-east, the majorities were wafer thin, but overall Scots voted by 62% to keep their European passports.

So why such a big difference compared with south of the border?

The alienation of the governed from those who govern them has been a trend in recent decades in most liberal democracies. Those with little to lose and little to hope for have come to resent the political elite. Frustration, anger and disillusion have taken hold in communities living on the edge where deindustrialisation and globalisation have hollowed out hope. Scotland is not immune to these developments.

There is a huge difference though. In most countries these sentiments have fuelled the growth in populist parties of the right. In Scotland the Scottish National Party (SNP), an avowedly left-of-centre party, has been the beneficiary. It has provided an alternative for those disillusioned with the principal UK parties and has advocated a contemporary nationalism rooted in civil society and with a narrative about taking political control of the country in which we live.

This has taken up much of the political displacement of the last 25 years north of the border, leaving parties like UKIP little room to

operate. And because this has happened slowly and persistently the change is permanent and sustainable. The SNP has provided both an alternative in government (now in its 12th year of office in the devolved Scottish parliament) and a focus for opposition to the political establishment in the UK.

UKIP has found it impossible to grow in this context. Even in the 2014 European elections where Farage topped the polls in England with 27.5% and 24 MEPs, UKIP struggled in Scotland. On the final transfer the party succeeded in narrowly taking the sixth of Scotland's six MEPs.

A consequence of this was that when the Brexit referendum came the only elected parliamentarian to campaign for it here was UKIP's David Coburn, who in his two years of office had become such a self-caricature that no one took him seriously. The fact that every one of the five parties represented in the Scottish parliament campaigned for Remain created a different atmosphere in which to ask the question.

In many ways Scotland had benefited directly from the UK's membership of the EU. Structural funds channelled into the Highlands and Islands allowed the development of roads, bridges and other major infrastructure. And the road signs with little blue stars crediting funding of these projects were not lost on the population.

There was also a feeling among many people that being in the EU allowed Scotland to have an identity it was being denied in Britain. Certainly, for many who aspire for Scottish independence there was a feeling that in some way Europeanness could replace Britishness.

Of course, not everyone saw it that way. Opinion was divided. Such studies as there were suggested that the split in voting was reflected across the parties, so a third of SNP supporters probably voted for Brexit.

There will have been some for whom Scottish independence means keeping ourselves to ourselves. But not many. A more convincing argument was that being in the EU would subvert the ability of an independent Scotland to make social and economic change on a significant scale. This was not a dissimilar case from the one made by some on the Labour left who claimed that the EU would prevent the implementation of their manifesto.

These pro-Brexit voices focused on the familiar argument about sovereignty asking why, once having put power into the hands of the people, they should then allow its transfer to Brussels. Jim Sillars, former SNP deputy leader and ironically one of the architects of the party's flagship policy of independence in Europe, fought for Brexit on exactly these grounds.

In the areas of Scotland where Brexit had the most support, the coastal communities of the north-east, fishing and agriculture were important factors. Onshore fish processing and fruit harvesting would not survive without EU migrant labour. Yet this didn't stop the wealthy boat owners and big farmers campaigning for Brexit. The Common Fisheries Policy was presented as a stranglehold around the throats of the Scottish fleet. It became the scapegoat for the decline of an industry. It had been presented as the bogeyman for so long and with such passion that it became almost impossible to argue against in some areas. No one asked whether UK ministers had argued the case for the Scottish fleet in Brussels, or whether it could be reformed.

People voted for Brexit in Scotland for many of the same reasons they did in the rest of the UK, just not in such numbers. Undoubtedly racism and xenophobia infest many Scottish communities and many were motivated to vote for Brexit on these grounds. The difference is that the Scottish political class had closed ranks on this question years before and while these attitudes might have existed they were never given the legitimacy they were in England, where fear of immigration became the principal driver in many 'left-behind' provincial towns.

**Tommy Sheppard** is the MP for Edinburgh East and SNP Spokesperson on the House of Lords, Scotland and Cabinet Office

# **Localism and regional devolution – moving power from the few to the many**

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Ben Lucas



**We live in one of the most centralised systems in the world, and it isn't working. Whatever measure you use, from quality of decision making, through levels of engagement and consent, to social and economic outcomes, our Westminster-based system is failing. The Brexit referendum result was a rejection of Westminster, as much as it was of the EU. Its verdict: a curse on all your houses.**

A recent House of Commons Library research report found that only 9% of people in the north of England believe that 'politicians in Westminster reflect the concerns of people in my part of the country', but even in London only 21% felt represented by Parliament. 'Take back control' was the message of the vote for Brexit, but the question is where within the UK should this control be exercised?

The default position will be for powers from Brussels to revert to Whitehall and Westminster. And in the absence of any clear political imperative to the contrary this is exactly what will happen. But given the very low levels of satisfaction with our Westminster system this is surely not what most people want to see. When asked, people generally prefer decisions that affect them, their families and communities to be taken at the most local level possible.

The good news is that Britain is in the middle of a process of devolution. This has been primarily driven by Scotland, Wales and Northern Ireland, and the London Assembly. More recently we have had the election of metro mayors for city regions that cover about a quarter of the English population. The twin imperatives for this have been national self-determination and regional economic rebalancing across the UK. Whitehall and Westminster haven't taken easily to this, and are tempted to use Brexit as a process by which they can put the genie of devolution back in the bottle. That's the significance of the tussle between the devolved nations and city regions on the one hand and government and Whitehall on the other, over what should happen to repatriated Brussels powers and funds.

This is happening in the context of a weakened political system that has few credible solutions to the major issues that the country faces on housing, the low-earnings-low-skills trap, and a faltering economy with a major productivity and trade challenge. The main sources of energy, ideas and new practice are in local communities and local government. For the past decade or so, cities across the UK have developed increasingly sophisticated economic development strategies as part of a global trend in which cities have re-emerged as hubs of creativity, economic growth and population density, bringing with them new demands for metropolitan governance and collaboration. In British towns and cities we have also seen the emergence of new approaches to creating more inclusive growth.

One scenario has an increasingly confident and innovative local government working collaboratively at regional level through initiatives like the Northern Convention and Powerhouse, and the Midlands Engine, and successfully pushing for further devolution.

But it is equally possible that further devolution will be stalled. Both Labour and Conservative parties at a national level have a history of promising localism and devolution in opposition and then, at best, only partially delivering this in government. In an era of relatively weak central government, it's easy to see how the institutional preference for the status quo could prevail. Moreover, the main political parties tend to treat Westminster as being the apex of political aspiration and so are inclined to see local government as being less important.

If the localist moment is to be seized by an incoming government this will require substantive change and real determination. A new policy imperative will be needed across Whitehall that creates a presumption of localism and devolution, based on the principle of subsidiarity. This could be further underpinned by a devolution and localism bill that guarantees local government's independence, following the lead of former MP Graham Allen's proposal to the Constitutional Affairs Select Committee.

There will need to be a financial settlement for local government that enables councils to operate as the social and economic leaders of their place. This will require a solution to the social care funding crisis that risks driving many councils over the precipice, and undermines their ability to spend on precisely the non-statutory public realm and preventative services that residents most value. Council tax reform will also be needed, to make it fairer – reflecting current property values. In the long-term local government should have greater financial freedom through tax assignment – so that, as in other countries, a greater proportion of taxation and spending is controlled locally.

An early priority should be enabling councils to build social housing again. As Conservative and Labour councillors have repeatedly pointed out, Britain has only come close to hitting its housing targets when councils have been able to use their capital receipts and Housing Revenue Account borrowing to build new homes.

At city region and wider regional level there should be further devolution. Brexit and Britain's productivity challenges make it imperative that we better equip people with life-long skills and learning opportunities. Our national system has signally failed, so skills and vocational education should be devolved, bringing with it the hypothecation of the apprenticeship levy. Regional social funding, to replace lost EU social funding, should be a devolved responsibility, as should regional transport with statutory powers, trade and inward investment, and regional business investment funding.

This transfer of power should not just be from Whitehall to town halls, it should also enable much greater community empowerment and bottom-up local democracy: a new social contract based on mutual reciprocity, in which citizens, community organisations and councils share responsibilities. The power transfer must be underpinned by proportional representation in local elections, so that all wards are properly contested and there are no one-party states in local government. That's how to put power into the hands of the many, not the few.

**Ben Lucas works with cities on devolution and inclusive growth and is a Director of Metro Dynamics.**

# Rebuilding communities

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Su Maddock

Whether Brexit happens or not, small towns, their local businesses and people are being hit hard. We're only in this chaos because of government's harsh austerity in places where people feel they have been left to rot.

We need to start finding ways of reversing not escalating decline, and tackling inequalities not only in cities but also in rural and coastal towns where wages, training and productivity are poor. Policy makers and academics apply inappropriate city models to small towns and there is little informed guidance on how to reverse decline or learn from those places that are flourishing. There is a policy gap in understanding how small, rural towns tick and, worse, a failure to recognise the surge in social enterprise in small towns.

Alternative economics are flourishing in places not known for progressive politics. There is growing social movement fighting the closure of banks, post offices, libraries and swimming pools, and finding solutions to these closures in community shops, services, care and food production companies and arts organisations. Increasingly these are not charities but social businesses attempting to socialise business governance through community interest companies balancing social, environmental and financial objectives. Few politicians seem aware of the significance of the social economy nor of the growth of social enterprise in small towns where community organisers and social entrepreneurs are finding ways of creating jobs, improving services and facilities, stimulating wealth and reviving local economies.

Progressive, independent politicians concerned about inequalities, social housing and rural poverty are galvanising local participative democracy and have livened up some small towns such as Frome<sup>1</sup> and Buckfastleigh. The challenge

for central and local government is to find ways of working with social enterprise and economic alternatives by investing in the strategic infrastructure to support them. Internationally the social economy has been recognised for many years. In 2006, the Social Innovation Exchange brought together foundations, innovators, social entrepreneurs and corporates as well as governments from the UK, China and EU and developed a roadmap for mainstreaming support for social innovation and to underpin a more systematic approach to widening economic models and transforming public institutions. Its report recommended there should be:

- Greater investment in public service and systemic innovation.
- Social investment targeted in areas of greatest need.
- Hubs and incubators to implement social innovation solutions.
- Funding for empowering those communities early to find social solutions.
- A radical transformation of public institutions to realign local and national government policy, funding and systems to socioeconomies.

Many of these recommendations are advocated by the Organisation for Economic Co-operation and Development (OECD) and accepted in principle by former UK governments, but they are rarely discussed by local enterprise boards or county, district or town councils, which is unsurprising given the loss of strategic capacity in all councils due to financial cuts. As a result national policy makers are even more ignorant of small town economies.

The transformation of public administration systems is not straightforward or easy as most devolved cities now recognise: in addition to the

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<sup>1</sup> Source: <https://www.flatpackdemocracy.co.uk>

challenge of transforming services, integrating the social economy into economic and industrial strategies demands a radical shift in mindset and appreciation of people as assets and the social infrastructure. A major obstacle is that most local and national politicians continue to believe that any resource allocated to the social and community infrastructure is a cost rather than an investment, and that any investment in the physical infrastructure will lead to some 'trickle-down' effect in communities; it doesn't.

The political parties must play a major role in redefining economic models and the credibility and status of the growing social economy. The Tories patronise all small business and social enterprise as survivors who do not need support; Labour has too few votes in coastal or rural small towns; and the Greens, Lib Dems and progressives who endorse social alternatives on the supply side appear uncertain how to integrate them into mainstream regional economic plans or redefine economic models. It is often women who are most vocal in their demand of more socially, inclusive economics<sup>2</sup> and for a social economy, recognising the damage done by continually separating social and economic assets and only measuring productivity through the GDP or gross value added.

Manchester Mayor Andy Burnham does advocate more equalitarian and strategic relationships with communities and values communities and service users as social assets. Wigan council has made a political new deal with the public and reduced demand for adult care by working with communities, not for them; Manchester has signed a contract with the third sector through Greater Manchester Centre for Voluntary Organisation as strategic partners. These changes are relevant to transforming local

economies because they are political contracts not just technical and managerial solutions. All parties need to listen more to local leaders and social economy innovators and reflect on how to support alternative local social economies in small towns and cities as one pathway to a more socialised form of inclusive economics.

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<sup>4</sup> The Women's Budget Group in Bristol and London and many women economists such as Diane Elson.



### 3. ECONOMY

# Is the economy working?



# **An economy that has balance**

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Grace Blakeley

**A few months before Britain voted to leave the European Union, a debate took place in Newcastle. A professor from King's College London had travelled to the area to discuss the economic impact of the vote to leave the EU. He began to discuss estimates of the likely falls in gross domestic product (GDP) were the UK to leave the EU when (as we have already heard) a woman stood up in the crowd and yelled 'that's your bloody GDP, not ours'.<sup>1</sup>**

And she had a point. The UK is now the most regionally unequal country in Europe, measured according to economic output. Aggregate metrics like GDP disguise this variety and paint a portrait of uniform growth across the country. But this couldn't be further from the truth. In the period since the financial crisis, London's economy has grown at a rate of around 3% per year, while the North East has grown by less than 1% per year.<sup>2</sup> All the UK's other regions have been growing at a rate of between 1% and 2%, so the gap between London and the regions is continuously widening. Unemployment currently stands at 4.3% in the North East, compared with just 3.7% in the South East, and people in the North East are paid £150 less per week than those in London.<sup>3</sup>

None of these figures are visible when one focuses on GDP, yet we continue to discuss the impact of Brexit in terms of the effect it is expected to have on aggregate economic growth. The tyranny of averages doesn't just prevent us from understanding the effects of the vote to leave the EU, it also prevents us from coming to terms with the underlying drivers.

The vote to leave the EU was heavily influenced by geography. The Remain vote was strongest in London, where 60% of people voted Remain; in areas such as Lambeth, the figure was as high as 80%. Greater Manchester also voted Remain. But all the other English regions voted Leave; in the North East, the West Midlands, and Yorkshire and the Humber almost 60% of people voted Leave.

The mainstream narrative on the geographic pattern of voting is that the 'cosmopolitan' cities voted for openness, tolerance and diversity, while the more traditional, 'backward' towns and rural areas voted for xenophobia and nationalism. These sociological explanations cannot be dismissed – England's cities are far younger and more diverse than its towns and rural areas, so social attitudes differ strongly between them. But the economic differences between different parts of the country, and the sense of disenfranchisement that this engenders, is arguably more important.

Ever since the Second World War, the UK's regions have been left behind as the UK's financial centre has torn away from the rest of the economy. Between 1951 and 1971, the gap in economic output between London and the South East on the one hand, and the North on the other, almost doubled.<sup>4</sup> More recently, between 1998 and 2007, economic output in England's regions

<sup>1</sup> Chakraborty, Aditya "One blunt heckler has revealed just how much the UK economy is failing us" (2017), The Guardian - <https://www.theguardian.com/commentisfree/2017/jan/10/blunt-heckler-economists-failing-us-booming-britain-gdp-london>.

<sup>2</sup> C. Campos, 'Examining regional gross value added growth in the UK: 1998 to 2016: analysis of the impact on regional growth of industrial sectors based on the level of technology (manufacturing) and level of knowledge intensity (services)', Office for National Statistics, 26 April 2018, <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/compendium/economicreview/april2018/examiningregionalgrossvalueaddedgrowthintheuk1998to2016>.

<sup>3</sup> Nomis, 'Labour market profile – north east', Office for National Statistics, 2018, <https://www.nomisweb.co.uk/reports/lmp/lor/2013265921/report.aspx>.

<sup>4</sup> T. Hazeldine, 'Revolt of the rustbelt', New Left Review, 105, May–June 2017, <https://newleftreview.org/II/105/tom-hazeldine-revolt-of-the-rustbelt>.



grew around 2–3% per year, while output in London grew at a rate of over 4% per year.<sup>5</sup> These differential growth rates compounded year on year to make the UK the most regionally unequal country in Europe.

Some argue that this disparity in growth is an inevitable outcome of globalisation. The UK's comparative advantage has shifted over the past century from mining to heavy industry, light industry and now services – particularly financial services. As the UK has become more integrated into the global economy, those regions which host industries in which the UK has a comparative advantage have grown, while traditional industries have been outcompeted by competition from abroad. The natural result has been a shift of economic activity away from the UK's regions and towards its cities.

But this narrative takes as given factors that are the outcome of political decisions. Globalisation is not an inevitable, natural transformation, but a political process heavily influenced by policy decisions made by the powerful. There is nothing 'natural' about this geographical pattern of economic success. Other countries and regions have responded to changes in the global economy and seen very different results.

The reason that the UK has developed such a severe regional problem is that policymakers in Westminster have consistently privileged the interests of finance and related services in London and the South East over those of troublesome, unionised sectors in the regions. In the 1950s and 1960s, sterling was pegged to the dollar at an unsustainably high rate, damaging our exporters even as global trade increased dramatically.<sup>6</sup> In the 1980s, when the system of exchange rate pegging had collapsed, controls on

capital mobility were removed entirely and our financial system heavily deregulated.<sup>7</sup>

The 'financialisation' of the British growth model since then has led to the emergence of a financial 'Dutch disease', in which capital inflows sustain an overvalued currency that negatively impacts other economic sectors, and therefore regions where finance is less significant. Between 1970 and 2008, finance and business services grew from 16% to 32%, while manufacturing shrunk from 32% to 12%. As finance has grown, so has the share of financial activity taking place in London. In 1971, the south of the UK had 56% of the share of financial and business services output; by 2008, this figure had reached almost 70%.

The net result has been a widely shared sense that economic growth in the UK no longer benefits everyone: people in the North East are perfectly justified in saying to those in London 'that's your bloody GDP, not ours'. Dealing with the unbalanced nature of economic growth in the UK should be a national priority. The Labour Party's recent commitment to support the UK's manufacturers through a green industrial strategy is a step in the right direction. But it will also be important to take steps to curb the power of finance. As I recently argued in a paper for the Institute for Public Policy Research (IPPR), this will require implementing measures to reduce capital mobility, increasing taxes on the finance industry, and improving regulation.

As the UK leaves the EU we have a choice as to what kind of economy we want to build; de-financialising the British growth model is the only way to create a sustainable, prosperous and equal economy in the UK.

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<sup>5</sup> Campos, 'Examining regional gross value added growth in the UK'.

<sup>6</sup> Hazeldine, 'Revolt of the rustbelt'.

<sup>7</sup> G. Blakeley, On Borrowed Time: Finance and the UK's Current Account Deficit, Institute for Public Policy Research, 2018, [https://www.ippr.org/files/2018-07/1531217614\\_cej-on-borrowed-time-june18-.pdf](https://www.ippr.org/files/2018-07/1531217614_cej-on-borrowed-time-june18-.pdf).

<sup>8</sup> C. Rhodes, Industries in the UK, House of Commons briefing paper, 2017, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8353#fullreport>.

<sup>9</sup> T. Dolphin, Don't Bank On It: the Financialisation of the UK Economy, Institute for Public Policy Research, 2012, [https://www.ippr.org/files/images/media/files/publication/2012/12/dont-bank-on-it-financialisation\\_Dec2012\\_10058.pdf](https://www.ippr.org/files/images/media/files/publication/2012/12/dont-bank-on-it-financialisation_Dec2012_10058.pdf).

<sup>10</sup> Blakeley, Grace On Borrowed Time (2018) <https://www.ippr.org/research/publications/on-borrowed-time>

# **Strong local economies**

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Neil McInroy

## You can't be skint twice.

In the week before the vote on membership of the EU, I had a brief conversation with a citizen of Middlesbrough. On discussing our possible voting intentions, he said that he was voting Leave, had nothing to lose, was skint now, and that at least Brexit offered some hope of 'change'. After all, how much worse could it get? This brief comment summed up how deep the malaise had become, not only individually for this man, but also for many other people and communities across the UK.

The vote for Brexit was a symptom of our inability to address longstanding local economic and social failure. The distance between the haves and the have-nots has been allowed to grow and too often policy has turned a blind eye to individual and community hardship. Instead of strong action, policy has offered weak prescriptions. Aside from real hope, we had platitudinous promises of a general national rising tide of economic wealth, locally trickle down. While many of us know the folly and inadequacies of this, the Brexit vote has revealed its scale and depths. Moving forward, whether and how Brexit might happen, we have a choice and an opportunity. The choice is to reject the market liberalism approach which has bedevilled many of our local economies for decades. And the opportunity is to use the Brexit revolt as an opportunity to reset local economic policy and economic democracy.

To reset local economic policy in the future, we need to confront honestly the systemic economic source of the malaise which prompted the vote for Brexit. For the many column inches and soul searching following the Brexit vote and Brexit negotiations, there has been little consideration of how UK and EU economic and social policy created the context for the Leave vote. It was the liberal economic frame to much UK and EU policy that eroded the traditional social democratic mediation of capitalism and markets

with strong social contracts and welfarism. The drive to liberalise markets, labour flexibility, debt reduction and public sector austerity has ridden roughshod over employment and social protection. Furthermore, whilst national commentary has consistently honed in on the importance of the post-Brexit loss of foreign direct investment and trade, this is not something which matches the everyday experience of many UK citizens, who have seen their communities devastated by deindustrialisation, wealth extraction and disinvestment.

In looking to the future – no matter how one voted and what actually happens – it is important to grab and grapple with an opportunity to create a different type of local economy. Maybe even an economy of hope, which was impossible inside the malaise-inducing EU, but will be impossible too if Brexit happens under neoliberal terms. Central to this is the need to condemn the economic orthodoxies which have plagued the UK, EU member states and many local economies and communities. We must reject a politics in which the economy is seen as an untouchable given, with light touch democratic oversight, as this neglect created the conditions for rapacious markets, exploitative employment practice and a devastating impact on many local communities.

We need a wholesale restoration of the understanding of the economy is a social construct, in which, through the democratic process, citizens and civil society have a genuine stake and the power to remake and reset. To replace despair with hope, and exclusion with fairness, and to forge a positive future, we must embrace an alternative heterodox economic approach: an alternative in which the nation intentionally restructures the economy for social justice and economic democracy and rejects the orthodoxies of market liberalism. Of course, if we do leave, we could choose to liberalise more or shadow the EU economic approach. However, I fear that to do so would merely herald ongoing

and deepening local economic failure, a permanent malaise and perpetual misery for many. If we stay, then it can only be on the basis of a realistic plan to transform the economic and democratic practices of the EU.

In creating the fightback, local economies and places have a unique position. It is in local places that there is a propensity for deeper, more accessible and greater civic formation in which citizens, business and the local state can create a more progressive collective imagination, offering a greater propensity for agency to identify with the real pain of social decline and act to resolve the social issues and build social justice. Two specific areas illustrate this well.

Our local approach to industry is fettered by the UK government's economic liberalism and EU state aid rules, which stipulate that state aid is only permissible if it does not distort competition or the internal market. A true local industrial strategy, addressing decades of decline, would intentionally seek to redirect capital and investments to sectors, struggling regions and local areas.

Procurement is one of the main levers that places across the UK can use to build local wealth, through anchor institutions (governments, hospitals, universities) purchasing goods and services. This can bring direct benefits for local business, organisations and employment as well as indirect benefits for the local economy. Across the EU, the process of public procurement is framed by procurement directives. This frame ensures competition and lowest price where large contractors are virtual monopolies and there is a race to the bottom, where shareholder dividend is delivered at the expense of employee wages and often quality. There are opportunities here for the UK to build on its work on social value and adopt an independent national procurement process, which could leverage public purchasing through place-based anchors to support existing

national and local business, which could guarantee real living and excellent employment practice.

This fits into the vision of the Labour Party's recently established Community Wealth Building Unit and the Local Wealth Building programme and Centre for Excellence being advanced by the Centre for Local Economic Strategies, exemplified by the 'Preston model' of a foundational economy that builds on the strengths of the local economy.

In moving forward, managers of local economic development need to conform less and imagine more. And work for this to be fairer, more socially just. If Brexit happens, we will need to retain an outward-looking focus, but also look more at what we have, not just what we can attract. A positive future would not just incentivise big business, but look to new inclusive forms of economic ownership. Rather than top-down leadership, there would be collaboration. Rather than just gross, value-added growth, there would be higher wellbeing and an economy for all.

**Neil McInroy** is the chief executive of the  
Centre for Local Economic Strategies

# **A Green New Deal for jobs in every constituency**

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Colin Hines

**To return a sense of hope for the future and economic security for the majority, any progressive government must consider embracing a ‘jobs in every constituency’ Green New Deal infrastructure programme.**

There are only really two major labour-intensive sources of local jobs: face-to-face caring in the public and private sector and infrastructural provision and improvements. The Green New Deal group has focused on the latter and prioritises energy efficiency and increased use of renewables in constructing and refurbishing every UK building. The ‘deal’ would cover schools, hospitals and housing in the public and private sector, as well as offices, warehouses and factories. In transport, the emphasis would be to increase provision of interconnected road and rail services in every community, encourage electric vehicles and for example use plastic waste as part of road resurfacing, and mend damaging and life threatening potholes.

In addition to the obvious gains of improved social conditions and protection of the environment inherent in this large-scale infrastructure programme, another advantage of a Green New Deal programme is that the work involved is less likely to be automated and can’t be relocated abroad, as is the case with much manufacturing and some services. It also has two very politically attractive effects: most of this work will take place in every constituency and requires a wide range of projects and skills that will last decades. It will also inevitably help improve conditions and job opportunities for ‘left behind’ communities in the UK. In addition to all these sources of

employment and economic activity, implementing a Green New Deal infrastructure programme should increase demand for local traditional and non-automatable service sector jobs, such as hairdressing, cleaning, waiting on tables and tourism.

Of course the first question a new government would be asked when proposing such an ambitious nationwide approach is ‘Yes, but how will you pay for it?’ Funding sources for this massive infrastructure programme, probably eventually running to more than £50 billion a year, would include traditional government borrowing at currently low interest rates, plus using what Jeremy Corbyn once called ‘people’s quantitative easing’. Additional finance could come from fairer taxes and the availability for savers of investments in local authority bonds and green individual savings accounts (ISAs). Since such savers are likely to be predominantly older, this would be a much-needed exercise in intergenerational solidarity.

The first step will be for an incoming government to make clear to the public that it intends to prioritise a Green New Deal infrastructure programme, because it will generate jobs, business, savings and investment opportunities in every constituency. Furthermore, it must explain how this would guarantee both social and environmental improvements, while providing employment in sectors that can’t be automated or relocated abroad. It must also commit a new government to provide the necessary supportive planning, regulatory and long-term funding structures. Finally, the new administration should make clear how this approach could mitigate the effects of the next serious global economic downturn, while meeting the UK’s obligations under the Paris Agreement to curb carbon emissions and help tackle climate change.

A Green New Deal's potential for success will also depend on consultation with local government, businesses and communities on what such a programme should look like in practice. It will need a massive training and retraining programme to provide the 'carbon army' of workers needed to bring about this low-carbon future. These workers will need to be highly skilled and include experts in many areas: energy analysis, design and production of hi-tech renewable alternatives, implementing large-scale engineering projects such as improved and better interconnected local and regional transport systems, combined heat and power schemes, and onshore and offshore wind.

Skilled workers would be needed to make the UK's 30 million buildings energy tight, and to fit more efficient energy systems in homes, public properties, offices and factories. To improve transport infrastructure it will be necessary to fit far more electric vehicle charging points, fill potholes, improve road surfacing and introduce more community traffic calming measures. A carbon finance sector will be needed to publicise, advise and implement the range of funding packages inherent in the Green New Deal programme.

If implemented in every community, the massive scale of this long-term energy and transport transition will result in huge numbers of more secure, adequately paid jobs being created. In addition, thousands of new and existing businesses and services will benefit, and a large increase in tax revenue will be generated from this nationwide economic activity.

The possibility of implementing a Green New Deal programme should inform and influence the debate on a new direction for a more regionally balanced UK economy. In the run-up to the next election this approach should be made a central plank of any radical manifesto that addresses the causes of the Brexit vote, and in turn inevitably increase the potential for the party proposing it to be elected, since it would be seen to improve conditions in every constituency.

Since the 2008 economic crisis three things have changed that strengthen these arguments: the Brexit vote has shifted the emphasis onto policies that could help the 'left behind'; there is now much more discussion of the state's role in improving the UK's infrastructure; and a quantitative easing programme if geared to funding a Green New Deal can help provide a source of funding that wasn't previously available.

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<sup>1</sup> Source: <https://www.greennewdealgroup.org>



# Work that pays

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Aidan Harper  
and Alice Martin

**Insecurity, poor pay and isolation at work are symptoms of an ailing jobs market where outsourcing and casual contracts have been eroding workers' rights and union power for decades. Under the ruse of increased flexibility for a modern workforce, the gig economy is the most recent manifestation of this casualised job market.**

Building a collective voice for a population made up increasingly of 'on-demand' and outsourced workers is a challenge faced by trade unions in most wealthy economies. Here, high profile cases from the likes of IWGB and UVW alongside the larger unions have had significant wins in challenging the corporate misuse of self-employment to dispossess people of employment rights. But crude economic measures like productivity and GDP continue to be used by the government and corporate lobbies to justify low pay.<sup>4</sup> The narrative that pay can only go up once the economy grows faster and becomes more productive has the effect of neutralising pay disputes, and runs contrary to evidence that better pay won by effective trade unions is in fact a contributing factor to building a strong economy.<sup>5</sup>

Today's low unemployment figures mask a growing number of people in this type of insecure work – the percentage of people in 'good jobs' that are secure and well paid is in fact dropping year on year.<sup>1</sup> Wage growth between 2010 and 2020 will be the lowest it's been over any ten year period in peacetime, since the Napoleonic Wars.<sup>2</sup>

At the other end of the spectrum, overwork in the UK is endemic. Work-related stress accounts for 37% of all work-related ill health cases and 45% of all working days lost due to ill health. Overwork acts as a drag on the economy, costing us some £6.5 billion a year in lost workdays and putting additional pressure on public services.<sup>3</sup>

In order, therefore, to ensure a post-Brexit economic plan has a secure footing, the status of trade unions as an essential part of a prosperous economy needs to be restored. This is not a change that can happen overnight. It begins with repealing decades of anti-union legislation, but must also reach further to establish possibilities for sector-wide agreements that include workers in non-traditional forms of work and along outsourced supply chains.<sup>6</sup> Alongside a reworking of collective bargaining structures, we here make the case that new collective demands must be made and won, if the cycle of decline in work quality and pay is to be reversed.

<sup>1</sup> Resolution Foundation, 'Public and family finances squeezes extended well into the 2020s by grim budget forecasts', press release, 9 March 2017, [https://b3cdn.net/nefoundation/1ff58cfc7d3f4b3fad\\_o4m6ynyiz.pdf](https://b3cdn.net/nefoundation/1ff58cfc7d3f4b3fad_o4m6ynyiz.pdf).

<sup>2</sup> K. Jeffrey and J. Michaelson, Five Headline Indicators of National Success: a Clearer Picture of How the UK is Performing, New Economics Foundation, 2015, <https://www.resolutionfoundation.org/media/press-releases/public-and-family-finances-squeezes-extended-well-into-the-2020s-by-grim-budget-forecasts/>.

<sup>3</sup> R. Jones, 'Work related stress costs UK economy nearly £6.5bn each year', Recruitment Buzz, 17 September 2015, <https://recruitmentbuzz.co.uk/work-related-stress-costs-uk-economy-nearly-6-5bn-each-year/>; E. Hampson, B. Mecu, U. Soneji, H. McGahan and A. Jacob, Mental Health and Employers: the Case for Investment, Deloitte, 2017, <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/public-sector/deloitte-uk-mental-health-employers-monitor-deloitte-oct-2017.pdf>.

<sup>4</sup> B. Chapman, 'Government to face IWGB union in landmark court case for outsourced workers' rights', Independent, 7 August 2018, <https://www.independent.co.uk/news/business/news/government-face-iwgb-union-landmark-court-case-outsourced-workers-rights-a8480461.html>; UVW, 'Boost our campaigns', *United Voices of the World*, 2018, <https://www.uvwunion.org.uk/current-campaigns/>; GMB, 'GMB scores landmark victory for Uber workers' rights as employment appeal tribunal upholds original ruling', General Municipal Boilermakers, 10 November 2017, <http://www.gmb.org.uk/gmb-victory-uber-workers-rights-upheld>; House of Commons Work and Pensions Committee, Self-Employment and the Gig Economy: Thirteenth Report of Session 2016–17, HC 847, 2017, <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/847/847.pdf>.

<sup>5</sup> Ö. Onaran, A. Guschanski, J. Meadway and A. Martin, Working for the Economy: the Economic Case for Trade Unions, New Economics Foundation, 2014, [https://neweconomics.org/uploads/files/5237986e74dd1368f5\\_51m6b4u2z.pdf](https://neweconomics.org/uploads/files/5237986e74dd1368f5_51m6b4u2z.pdf).

<sup>6</sup> J. Hendy and C. Jones, 'More anti-union legislation in the UK', International Union Rights, Vol. 22, Issue 2, 2015, [http://www.ier.org.uk/sites/ier.org.uk/files/IUR222\\_Hendy\\_Jones.pdf](http://www.ier.org.uk/sites/ier.org.uk/files/IUR222_Hendy_Jones.pdf).

Work can be remunerated in time, as well as money. Winning demands for shorter working hours and establishing a four day week, for example, could be one way of tackling both individual and societal symptoms of overwork, providing people with more time outside the workplace to recuperate, rest and live fulfilling lives. This freeing up of time might allow more people to fulfil caring responsibilities, which yields potential benefits for dealing with the interlinked economic challenges of an ageing population and under-resourced social care and pension provision. As the New Economics Foundation and others have long argued, the benefits could be manifold.<sup>7</sup>

Reducing working hours would allow for a redistribution of work across the economy. The threat of technological unemployment (up to 30% of existing UK jobs could be impacted by automation by the early 2030s<sup>8</sup>) presents the need for a large-scale reorganisation of work, taking into account skills-based and regional-economic factors. The highest levels of future automation are predicted in Britain's former industrial heartlands in the north of England, as well as the Midlands and the industrial centres of Scotland – thereby risking a worsening of the north-south economic divide, as whole communities face unemployment, or (more likely) a future of insecure, low paid work<sup>9</sup>

Automation could and should bring gains for workers, as it eliminates work that is seen as dull and repetitive, as well as increasing productivity. However, up to now the gains have been funnelled towards the owners of the technology and

machines in the form of a reduced wage bill and increased profits. Bucking this trend are cases emerging of unionised employees pushing for protection of their incomes and reduction of their working hours as some of their tasks become mechanised. In the UK, the Communication Workers Union (CWU) – which represents 134,000 postal workers – has agreed with Royal Mail to shorten their working week in a direct response to the impact of automation.<sup>10</sup> CWU negotiators argue that alongside the business owners, their members should benefit from the mechanisation of the parcel packaging process – in the form of shorter hours.

For an economy to be built in which work really pays, in the face of continuing trends of casualisation and automation, issues of wages and work time are likely to become sites of political contestation – and progressive policy-makers must be ready to respond. Building on the efforts of the CWU, a guiding principle for designing policy fit for these times might be: wherever automation is applied, the benefits accrued are shared among workers in the form of reduced working hours, with incomes secured.

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**Aidan Harper is an assistant researcher at NEF, as well as a campaigner for the 4 Day Week campaign<sup>11</sup>**

<sup>7</sup> A. Coote, '10 reasons for a shorter working week', New Economics Foundation, 29 July 2014, <https://neweconomics.org/2014/07/10-reasons-for-a-shorter-working-week>.

<sup>8</sup> PwC, 'Up to 30% of existing UK jobs could be impacted by automation by early 2030s, but this should be offset by job gains elsewhere in economy', PricewaterhouseCoopers, 2017, <https://www.pwc.co.uk/press-room/press-releases/Up-to-30-percent-of-existing-UK-jobs-could-be-impacted-by-automation-by-early-2030s-but-this-should-be-offset-by-job-gains-elsewhere-in-economy.html>.

<sup>9</sup> M. Fenech, C. Elliston and O. Buston, 'The Impact of AI in UK Constituencies: Where will Automation Hit Hardest?', Future Advocacy, 2017, <http://futureadvocacy.com/wp-content/uploads/2018/04/FutureAdvocacy-GeographicalAI.pdf>.

<sup>10</sup> CWU, 'CWU reaches deal with Royal Mail', Communication Workers Union, 1 February 2018, <https://yw.cwu.org/news/cwu-reaches-deal-royal-mail/>; A. Harper, 'Royal Mail shareholders are making £500k a day now, so why can't workers receive some benefits too?', Independent, 17 October 2017, <https://www.independent.co.uk/voices/royal-mail-shareholders-strike-workers-not-benefit-from-automation-a8005326.html>.

<sup>11</sup> Source: <https://www.4dayweek.co.uk/>

# Skills and education

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Ken Spours

**Presently, the UK (or more precisely England) is caught in the Low Skills Equilibrium: a mutually reinforcing set of factors that includes a low-performing vocational education system; the predominance of small and medium-sized enterprises (SMEs); poor use of skills at work and lack of investment in higher productivity technologies; the prevailing orthodoxy of flexible labour markets; and constant changes in education and training policy, which confuse educationalists and employers alike.**

This kind of skills settlement has resulted in a relatively low demand for highly skilled labour (most of the UK economy operates at foundation levels and is dominated by SMEs) and a context in which it has been relatively easy to import labour.

Brexit will disrupt this equilibrium because it calls into question the flow of migrant labour. However, there is a risk that one low-skills settlement will be replaced by another. If a right-wing inspired hard Brexit is implemented, the risk is simply more disruption – a potentially catastrophic

downturn in trade and economic activity and a subsequent decline in the demand for skills. It is also probable that the political context would allow a Conservative government to follow its current policy course and impose an elite education and training strategy designed for only the top quarter of the population. The end result would be a smaller and weaker economy and a more exclusive but weaker education and training system.

We need to fashion something different out of this disruptive period, which links together a new relationship with the EU, a new type of national economic strategy, a more regulated labour market, and a more social and inclusive education and training system.

Rather than pursuing a divorce from the EU we should be arguing for a different type of Europe and a new relationship with it. This has been largely absent from the debate thus far. We need to emphasise the idea of a social Europe with strong environmental and worker rights – a collaborative and more devolved type of Europe in which different types of national growth strategies could be pursued. This would provide the space to develop a strategic national economic investment strategy, underpinned by regional investment banks and regional skills co-ordination, something the Labour Party has been arguing for.

There would also need to be a new emphasis on labour market regulation, in contrast to the orthodoxy of flexible labour markets, so that jobs are linked to acquired skills and qualifications. This is commonly known as licence to practise. While this would have to be phased in and some parts of the economy exempted for a transition period, it would transform skills recruitment and utilisation logic.

All attention would become focused on training for the future, recruiting workers who are best qualified and making the most of existing workforces. It would also have an interesting playback on the migration debate because it would be relatively easy to argue that you only get a job if you're qualified and meet regulatory requirements and that attention should be paid to improving home-grown skills to meet these new conditions.

And this brings us to the required rapid expansion of our vocational education and training system. Here we would need to accelerate developments already under way – a renewed focus on apprenticeships, including in SMEs – making it attractive for all types of companies to hire young people. The present apprenticeship system has been designed for large companies only.

There would also have to be a gear change in education governance, moving from competition to collaboration between schools, further education colleges, employers, higher education and local and regional authorities to co-produce new progression pathways. A new accent on social and skills inclusion would focus on all citizens, not only young people, to enable everyone to transition into working life and enjoy better jobs.

Another existing orthodoxy, that of 'skills supply' – the assumption that employers know what kind of skill they want and it's up to education to provide them – looks increasingly exhausted. As part of this more comprehensive strategy, education providers, employers and government would need to work together to produce new local and regional 'high skills ecosystems' where

different social partners bring their niche knowledge and functions to the table.

These kinds of collaborative local skills systems would be particularly required in order to meet the challenges of the Fourth Industrial Revolution. Here there would be a key role for entrepreneurial and technologically-based higher education to work with clusters of companies in regional innovation hubs.

It is clear that a new and inclusive skills revolution has to be part of a much wider political and economic strategy. Brexit, particularly the no-deal type, would lead us into isolation and further decline in which vulnerable populations would suffer most. This destructive path could also lead to the break-up of the UK.

The alternative trajectory is becoming increasingly clear – connected, devolved and developmental – in which England develops a social model for education and skills. This would bring us much closer not only to other European education and training systems, but also to our most immediate neighbours in 'these islands' – Scotland, Wales, Northern Ireland and the Republic – which are already moving slowly down this path.

**Ken Spours is a Professor of Post Compulsory Education, University College London Institute of Education**



#### 4. POLICY

# Time to think big





# Reforming benefits

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Ruth Lister

## **Support for Brexit did not come only from low-income marginalised communities and groups.**

Nevertheless, there is strong evidence of it having a relationship with low income and economic insecurity especially where chronic. At the same time, Brexit itself could aggravate economic insecurity and, according to some analyses, bear particularly harshly on the living standards of low-income groups and areas. Thus, the future of the social security system is of significance for any discussion of Brexit and Britain's disenfranchised people.

Moreover, while social security can and should promote social solidarity and cohesion as a source of economic security for those on middling as well as low incomes, it can also aggravate social divisions. A reformed system could therefore have an important role to play in trying to heal some of the fissures exposed by the Brexit vote (in combination with labour market, taxation and public services reforms discussed elsewhere), at a time when public support for social security claimants appears to be growing. As the last Labour manifesto reminded us, 'Like the NHS, our social security system is there for all of us in our time of need.'

The question this chapter therefore poses is: how can our increasingly dysfunctional and punitive social security system help address the key issues of insecurity, inequality, lack of recognition, voice and agency running through this publication? Having suggested a set of principles, rooted in a conceptualisation of social security as a guarantee of economic security for all through social means, it considers some shorter and longer-term reforms in line with these principles.

Genuine economic security calls for a culture of poverty prevention rather than just alleviation, grounded in the International Labour Organization principles of 'universality of protection based on social solidarity' and sufficiency to 'allow life in dignity' in recognition of social security's status as a human right. The core human rights tenet of dignity and respect is written into the new Scottish Social Security Act; it implies also recognition of voice and agency including through listening to those who can offer the expertise borne of the experience of claiming social security. Social security is gendered in its effects, so it requires a gendered perspective, for instance paying attention to individual autonomy and the value of contributions other than paid work, notably care.

In the longer term a degree of genuine economic security for all may require some form of basic or citizens' income, even if limited at the outset (see essay by Barb Jacobson below). There are nevertheless numerous short-term reforms that could reduce the insecurity too many social security claimants suffer. For instance, the experience of welfare rights organisations highlights the need to: make claiming universal credit easier and first payments swifter, address problems created by the rigid system of monthly assessments, and allow claimants to choose twice monthly rather than monthly payments as a matter of course. Higher child benefit would enhance security for parents. The other main source of insecurity, associated with destitution and reliance on food banks, is the punitive counterproductive sanctions regime, which Labour is rightly committed to ending. Benefits can be conditional on seeking work, where appropriate, but that doesn't necessitate punitive sanctions or newly introduced in-work conditionality and must take due account of caring responsibilities.

If benefits are to be sufficient to 'allow life in dignity', the current freeze on most working-age and children's benefits must be lifted immediately and there must be a commitment to reversing the raft of unfair cuts inflicted since 2010, in the name of so-called 'welfare reform', including the bedroom tax, benefit cap and two-child limit. They have impacted especially harshly on areas that voted for Brexit and on children, disabled people, some minority ethnic groups and women. In the longer term we need a proper review of benefit adequacy, possibly using the minimum income standard as a benchmark.

Recognition of social security claimants as human rights bearers whose dignity must be respected requires a rights-based approach and cultural transformation. The essence of the alternative culture of citizenship needed was summed up in *I, Daniel Blake* in his final words: *'I demand my rights. I demand you treat me with respect. I Daniel Blake, am a citizen, nothing more and nothing less.'* We must introduce mechanisms for listening to claimants, as experts by experience with voice and agency, in the development of policy and practice, as is happening in Scotland.

Citizenship implies autonomy, including financial autonomy, which is especially important for women who have all too often been denied it. Ideally, social security for adults should be an individual right. While this is difficult in a system so heavily reliant on means-testing (in which the couple is the assessment unit), it is important that a way is found to ensure that women in couples have access to some of a family's universal credit as of right. Otherwise universal credit can facilitate economic abuse, as domestic violence organisations have warned. Universal credit's disincentive to second earners to take paid work must also be addressed in the interests of women's economic autonomy.

In the longer term, social security will only provide genuine individual financial autonomy through greatly reduced reliance on means-testing, be it through a citizens' income (see essay by Barb Jacobson below) or a more inclusive social insurance scheme combined with adequate child benefit. More fundamental reform of this kind is also needed to fulfil the principles of 'universality of protection based on social solidarity' and poverty prevention, and to make a reality of a social security system that can unite rather than divide us.

**Ruth Lister is a Labour peer and chair of Compass' management committee**

# **Basic income: overcoming the politics of division**

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Barb Jacobson

**One thing the Brexit vote has done is to throw into sharp relief the divisions in wealth, income and opportunity that exist in the UK – while sucking out almost all the political energy which could deal with it.**

Similarly, elsewhere in Europe, the fights over immigration from outside the continent have subsumed the political energy needed to deal with glaring inequalities within and between European countries, to say nothing of why so many people from Africa and the Middle East risk their lives to get here: wars, environmental degradation, land dispossession.

As well as splitting the electorate, the Brexit referendum has highlighted the failure of both the UK and EU governments to make flexible employment really feasible for those who need it and to make rights on the job accessible. Freedom of movement has not been accompanied with the means to stay in poorer areas, nor even harmonisation of wages and conditions. It results not only in the depopulation of poorer countries, but sets working people – especially those on low incomes – against each other in host countries.

For example, it's not surprising that North Derbyshire – since the pit closures, an area blighted with high levels of poverty – voted overwhelmingly to leave the EU. Exposure of the Sports Direct scandal a couple years ago – where some 4,000 people were imported from Poland to work in horrific conditions on the site of a closed mine – happened not through the efforts of either the UK or EU governments but the union Unite and the local Unite community.

Nationally, unemployed people forced onto the work programme often had to sign attendance slips stamped with the European Social Fund logo. In Wales, projects funded by the EU for economic development reportedly didn't employ local people, nor have any lasting economic impact.

I'm not going to argue here that universal basic income (UBI) – whether in the UK or Europe, or elsewhere – would be a sufficient answer to all these problems. What I will try to do, however, is make a case for UBI's potential to help people make a start – using money to confirm everyone's fundamental equality in our divided society.

An unconditional, individual payment is needed to replace our current conditional, capricious system of work and benefits, which assumes the worst of everyone. Basic income assumes the best – that people can decide for themselves how best to use their money, and how best to use their time. Indeed, when asked what people would do if they had a basic income, the response that comes up most often is that they'd spend more time with their families and volunteering in their communities.

In the arguments for or against UBI on economic or moral grounds, what is rarely considered is the symbolic power of everybody getting the same basic amount of money from the state. We live in a society which measures human worth in terms of money. Yet not all beneficial human activity is paid for, and much activity which is not beneficial attracts extremely high levels of remuneration. Combined with the strict link of income to employment (albeit not for the wealthiest), we have a situation which sets people against each other at a fundamental level.

We must compete for jobs in order to support ourselves and our families. We compete for housing, even though there's a surplus. Education aims to make us 'more able to compete on the job market' rather than better able to express our

talents for the benefit of society. The emphasis on individuals' lifestyles in relation to healthcare ignores the social factors which limit real choice. People are encouraged to blame themselves for 'bad decisions' on all these fronts, and unsurprisingly they often end up blaming others they feel in competition with – who usually have even less power.

This most often plays out in families – as income becomes more insecure, stress levels rise and domestic violence skyrockets.

No wonder our success or otherwise at getting hold of money on the job market becomes bound up with our self-worth as well as how we perceive others. The fact that care for ourselves and each other has little to no financial support devalues care to the point that even just 'caring' about something or someone is often viewed as a sign of individual weakness instead of a social strength.

One of the most striking things about the experiments in making social money more unconditional – whether an individual and universal basic income in India, or limited to poorer people in Canada or Finland – is that it changes how people feel about themselves and how they treat others. During the pilot in India girls were for the first time given as much food as boys, young women lost their shyness, and disabled family members became more involved, and were more accepted, into family and village life. The income from some of the projects set up during the pilot have been shared by entire villages since. In Finland, participants in the pilot have reported being able to pursue activities – paid jobs or not – which use their skills and talents more fully. In Ontario participants have said that, in contrast to being on benefits, they 'feel more human'.

So let's not underrate the symbolic value of universal basic income. If everyone gets an equal token of freedom, society can move towards the unity it needs to solve our many other problems together.

**Barb Jacobson** is a welfare rights adviser in central London who has been organising for women's housing and community rights for 35 years. She is a founding member of Unconditional Basic Income Europe and has coordinated Basic Income UK for the past five years

# Universal basic services

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Andrew Percy



## **The response to a sense of lost control, disenfranchisement and a degraded public environment should surely be an invigorated public environment directly controlled by local democracy.**

That is the essential proposal of Universal Basic Services, and why UBS should be the political and practical reply to Brexit.

The essence of a service is that it has to be actually sleeves-rolled-up delivered. A service cannot be put in the mail. This means that it has to be co-designed, co-developed and co-delivered with the community it serves. Moving to establish or enhance a service necessarily involves the devolution of power and control from the centre to the point of delivery.

At University College London's Institute for Global Prosperity we have been developing the concept of universal access to basic services as a concrete policy proposal. Our first report last year established that the costs of introducing a comprehensive programme that broadened access to social housing, provided free local transport and internet access and even established a basic community food programme are easily within practical reach.<sup>1</sup> At first blush an extra 1.5 million social housing units and free transport and internet for everyone might sound madly expensive, but we established that it would only require an extra £20 a week from the top half of tax payers. We could transform our society without changing any other parameters, leaving all benefits in place, for just £3 a day from those who are doing better than average.

Less noticed in our UBS report was that we included £3 billion to fund a revitalised local democracy. This would fund 650 new local assemblies, which would gain direct control of the UBS funds allocated to their community. Britons may have reacted negatively to more local government in the past, but our proposal would provide direct local control of spending, and that's a different proposition. When people across the country responded to the call to 'take back control', this is the kind of control they were asking for. Not more control for Westminster, but more control for their communities.

When we hear the criticism of 'paternalistic' or 'statist' it is often a fear of local, social control. Those with an individualist focus would rather a centralised state had control, or control passed directly to individuals, than have to negotiate with their neighbours. Yet the entire history of our species is one in which our ability to develop social and communal solutions to our common problems has been the hallmark of our success. It may be harder to work it out locally with your neighbours, but such a negotiation once completed is likely to result in better outcomes than when control is imposed by a centralised state. For most people, national politics are a distant concern, full of complications that defy common sense, but local politics, local services and the state of their community are readily comprehensible and legitimate subjects of their common sense and experience of everyday living. It is at this level of politics, the local, that many are ready and willing to engage, but we need to move decision-making to that level before wider political engagement can blossom.

The Brexit vote was an opportunity for many to express their dissatisfaction with the basic state of affairs in the country where they live. Insecurity may be considered a creative motivator in the land of plenty, but in the normal world it is the

<sup>1</sup> J. Portes, H. Reed and A. Percy, Social Prosperity for the Future: a Proposal for Universal Basic Services, Institute for Global Prosperity, UCL, 2017, [https://www.ucl.ac.uk/bartlett/igp/sites/bartlett/files/universal\\_basic\\_services\\_-\\_the\\_institute\\_for\\_global\\_prosperity\\_.pdf](https://www.ucl.ac.uk/bartlett/igp/sites/bartlett/files/universal_basic_services_-_the_institute_for_global_prosperity_.pdf); UBS Hub, [ubs-hub.org](https://ubs-hub.org).

root of disintegration. Insecure people compete, and secure people cooperate. And the core of any human's sense of security depends on the state of their community, the extent to which there is concrete evidence of solidarity, the physical manifestation of social infrastructure.

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This is why services are so important. Services like housing, buses, public Wi-Fi and community food all require physical presence that can be seen and touched by everyone in the community. Just as services are harder to establish, they are also harder to disestablish. Public services offer security through the very fact that they offer greater permanence than money alone could ever provide.

Any move towards universal access to basic services will be a step on the road to meeting the demands of the many that motivated their decision to say 'Stop! This is not going in the right direction!' when they voted for change in 2016. One of the great advantages of the UBS model is that it can be delivered incrementally, building on what we have already. An extra bus route, a community kitchen or a village public internet service would all make a difference to ordinary people's sense of security.

And those incremental changes are worth fighting for, but if we want truly to redress the balance between joy and fear we will have to redirect our resources from trying to mitigate fear into actually increasing joy. And we can only do that if we roll up our sleeves and start building the social fabric that makes a difference today.

Providing universal access to the basic services of life is the path to that transformation and is the appropriate and effective response to the cry of Brexit.

# Humanising public services

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Sue Goss

**While the defence of the EU during the referendum campaign was all about statistics, economic assessments and expert opinions, the critique was crude: ‘a Europe of the bosses’, ‘a vanity project’, ‘just all restrictions and rules’ – and behind it a connection to powerlessness, a loss of identity, a grand economic project that was ‘not for us’. We weren’t being listened to. We didn’t count.**

Small wonder then that this resonated strongly with people whose daily experience of trying to get by is beset by restrictions and rules, feeling powerless, not counting. For many, this experience comes not through their encounters with capitalism – which can seem to offer a fraudulently egalitarian access to fast food, cheap thrills and quick fixes – but from the struggle for benefits or public services.

The original intention of the welfare state was benign, welcoming to all, care ‘from cradle to grave’. But by the end of the 1970s public services were widely seen as inefficient, subject to producer capture, unresponsive. The Thatcher and Major governments privatised where they could. Starved of funds, public services were no longer presented as for everyone – they were

residual, for the losers. And while only the rich could exit from state education and health, the egalitarian assumptions underpinning public services began to break down.

The Labour governments between 1997 and 2010 substantially increased public spending, arguing that for the public to support this increase, services had to become not just efficient, but more effective. Along with the new funding came regimes of measurement and evaluation. Individual professional judgement was supplanted by compliance systems. Inspectors, consultants and central units monitored progress. The results are not all bad: services are more professional, more consistent. But in the process, we have lost something that matters more than any of this. We have lost humanity.

From 2010, as we, as a society, have become harder, less generous, less interested in equality, the state has become more and more about keeping people out. To belong to the narrow tribe of *‘hard working families’* we have to stand on our own two feet. Instead of wanting to share good fortune, and use resources collaboratively, we are encouraged to feel cheated if our taxes go to help others. In the process, people working in public services have become gatekeepers, assessing ‘need’ against strict criteria – every year, as the money is cut further, the criteria tighten, and more and more people are excluded. Instead of professionals using their judgement to listen, and help, they are overwhelmed with form filling. Further cost-cutting measures further dehumanise the experience of public services. Online only services work for the young and skilled, but are hopelessly confusing and unresponsive for homeless people, people with mental health issues, older people, and people with dementia.

As the system tightens, as the money runs out, the scope for generosity dies and the system becomes overbearing, harsh, cruel. Services are withdrawn through a pitiless process of assessment. Vulnerable people are caught up in a nightmare reality of 'computer says no'. As public resources shrink, the poor turn against the poorest in a struggle for what's left. No wonder recent immigrant communities are among those keen to restrict migration.

To empower others, we must be empowered. At the heart of the shift is the removal of the human relationship between the caregiver and the cared for. Public service workers no longer experience the freedom to teach, to nurse, to help – using their full human understanding and professional skills. Staff who are treated as a cog in a machine become sick, literally. Worse, if the machine you are working in is inhuman in its responses, the only way to survive is to shut that part of you down – so that you don't see it. We are not only dehumanising the receivers of care – we are dehumanising the caregivers.

In our rushed, grudging, calculating public services, people who depend on the state are consigned to a loveless, stressful and lonely life. Who will hold their hand or make them laugh? We need more investment in public services, but we also need different public services. Churchill said that you can judge a society by the way it treats prisoners. We are defined by the way our state treats those at its mercy – the old, the frail, children, down-and-outs, disabled people, homeless people, and people with mental and physical illnesses.

It is in what Habermas called the 'lifeworld' – family, friends, community – that we share love, laughter, a kindly touch, a listening ear. In community, and in family, we can be attentive to

unspoken needs, and offer more than is asked for. We don't for example treat all our children the same. They need different things, so we try to help each to find what they need.

It can be exhausting to help yourself, or help others. But it can also be exhilarating, life-changing, to contribute, to take part, to take control. Government, especially local government, has a crucial role – stepping in to relieve the burden when people can't cope and providing the necessary resources. The state can arbitrate between competing claims, prevent abuse, guard against fraud. But it can also slow down, dispirit and disempower us. The voluntary sector is often better at innovating, challenging, listening, which is why it is so stupid to argue that one is better than the other, that public services are more 'socialist' than voluntary or community provision – or vice versa. We need both. We need a vibrant, active civil society and a strong, empathetic, creative public sector.

### What should we do?

- Invest in public services. Of course. Raise benefits. Increase spending on social care. Stop seeing the most vulnerable as a burden.
- Change the balance between what we spend on actual services – and what we spend on assessment, regulation, inspection.
- Reframe public services as for everyone. Start welcoming people in.
- Stop pitting state provision against voluntary and community activity.
- Challenge the cultures of ‘assessment’ and ‘entitlement’.
- Stop blaming the professionals when things go wrong. Terrible things happen. Instead create a culture of curiosity. Encourage bravery and challenge.
- Empower staff. Enable them to bring their whole human ingenuity to work. Reduce caseloads. Give staff space to treat every encounter as an opportunity to learn and change.
- Change the training for public servants. Encourage open discussions about what sort of society we are trying to create. Reconnect with their humanity and what made them choose public service.
- Recognise the contribution that we all make to society. Value it. Make it easier. Use the resources of the public sector to shore up and support community effort, not to exploit or undermine it.

If our struggling citizens encountered public services offering empathy, pity, creativity, friendship, good judgement, then perhaps they would begin to reflect these values in their own thinking and behaviour.

**Sue Goss** is a strategic adviser, coach and systems leadership consultant for a not-for-profit employee-owned organisation

# Homes for all

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Luke Murphy

## **The vast majority of the British public agree that we are in the throes of a housing crisis, but on the face of it housing issues did not play an instrumental role in the decision to leave the European Union.**

Housing was not among the 13 top issues cited by voters as reasons for supporting Brexit. Those who voted Remain were significantly more likely to mention education, poverty and inequality, and the economy as their concerns. Those who voted Leave were significantly more likely to cite immigration. Neither group raised housing as a significant issue.

That being said, opinion research shows that many people perceive immigration as the main contributing factor to housing shortages. In addition, a majority of the public appear to believe that migrants receive unfair access to social housing, despite there being no evidence to support such a view.

In truth, however, deciphering the true 'cause' of the Brexit vote is a fool's errand, as is attempting to determine the precise role that housing issues played in it. People who voted Leave did so because of a multitude of issues, grievances and motivations. What matters now is how their present concerns and worries for the future can be addressed and their hopes realised.

How can housing policy help address people's concerns and fulfil their hopes for the future?

First, we must address the chronic shortage of genuinely affordable homes across the country. While immigration is seen by the public as a lead cause of the housing crisis, investing in new affordable and social housing generally comes out

top in polls as the preferred solution. Research conducted earlier this year by the polling firm Kantar found that affordable housing is now considered one of the most important measures to improve public life in the UK.

It has long been recognised that housing supply has fallen short of demand for decades and it is also the case that we have never met housing demand without a significant contribution from the public sector. A large-scale investment programme in affordable housing from central government, and freeing local government to build as well, could go a long way to addressing the housing concerns of Leave and Remain voters alike.

Second, just building more affordable homes won't be enough; people need to feel they have a stake in public house-building programmes. There is a popular misconception that immigrants are receiving preferential treatment when applying for social housing. In reality, there is no evidence that this is the case: immigrants are far more likely to live in private-rented accommodation. However, as long as many people don't have access to social housing, perceptions of immigration contributing to the housing crisis may persist.

Rather than immigration, it has been the significant reduction in stock – a result of the Right to Buy and the failure to build – that has made access to social housing much more difficult for many people. Reversing the decline in public housing stock through a substantial public building programme will help, but there is a case for reviewing allocation criteria to ensure that social housing is available to a wider demographic of people, more in line with its original purpose, rather than being an ambulance service for the most vulnerable alone. Perceptions of who has access to social housing will only change when a wider group of people begins to benefit, but



allocation policies should only be revised as part of a substantial public building programme. Changing allocation policies without a huge building programme will do nothing except disadvantage the most vulnerable.

Third, we must develop housing policy in concert with wider economic and social policy. Housing policy on its own can't drive economic regeneration in areas that are seen to have been 'left behind' and which voted for Brexit. The most important factor in any revival is job creation, but ensuring that industrial policy is closely intertwined with policies to invest in affordable homes, transport and other infrastructure will be crucial to the success of any economic regeneration and rebalancing.

However, investment in affordable housing can be used to boost local economies, businesses and create jobs. Learning from the 'community wealth building' approach deployed in Preston, investment in affordable housing should be used to create jobs in a local area by guaranteeing a significant proportion of the investment will be directed towards local builders of small and medium-sized enterprises. Requirements to employ local apprentices and using procurement to benefit business in the local supply chain could also help increase the benefit of these policies and public support.

Fourth, we must recognise that the vote to leave the EU was an assertion of an increased desire for control. This means giving local communities the powers to decide their own local priorities, which in any case will help address the fact that housing markets vary significantly from area to area. At its most basic, this should involve the devolution of investment decisions and planning powers to local authorities. But reforms should go further: tenants should be represented on boards of housing associations and on local councils to participate in decision-making about housing. In the private-rented sector, where arguably tenants have the least say, tenants' rights must be enhanced so they have far more control over their day-to-day living conditions. This should include longer, and possibly indefinite, tenancies (as have been introduced in Scotland), and support for tenants' unions to give renters a real voice in the sector.

Housing issues may not be seen as a central cause of the vote to leave the EU, but housing policy can work to address many of the issues that fuelled the vote and help to inspire hope in a better future.

**Luke Murphy** is an Associate Director at IPPR and former Political Adviser to the Labour Party. He tweets at @LukeSMurphy

# **A country in which we can all move**

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Christian Wolmar

## **Public transport is the great unifier, bringing us together by making travel cheap and easy.**

However, it can also expose a great divide between the haves and the have-nots as so well demonstrated by the imminent opening of Crossrail, London's new £15 billion east-west railway. There's no doubt it will be a fantastic boon for Londoners and, indeed, the capital's businesses as it will offer air-conditioned rapid travel between the two sides of London as well as linking Canary Wharf with Heathrow.

One of the beneficiaries of Crossrail will be Thamesmead, that lost section of south east London on a bend in the Thames that houses one of its most deprived estates. It is precisely the sort of estate that desperately needs better transport links as a way of boosting access to jobs and to make it a more desirable place to live. There are countless similar places in the rest of the UK, but particularly in the north, which has been badly neglected in relation to transport spending.

The raw figures are extraordinary. In the past year, partly because of Crossrail, London benefitted from nearly £2,000 per head compared with around £200 spent per head in the three main northern regions. No wonder there is a feeling that the metropolitan elite are benefitting from the tax take.

On the ground this translates to pacers, 30-year-old trains, which are little more than buses on very basic rail bogeys, providing many of the key services between northern towns. Crossrail it ain't. So we need a northern powerhouse, a genuine one. The solution is simple for the railways. Again, the lesson comes from the south.

In its heyday, which sadly was interrupted by the crazy privatisation initiated in 1992 by the Major government, British Rail created three business units: Intercity, Regional Railways and Network SouthEast. It was incredibly successful as it gave a commercial edge to the social aspects of the railway.

This is the model that is needed for the north. Any future government needs to commit to providing fast – not high speed which is prohibitively expensive, so this is not HS3 – electric trains between all the major towns and cities of the north on modernised tracks. This would require considerable work in improving sections of existing track where there are permanent speed restrictions and the provision of a complete set of new trains. It may even require some smaller stops being left out in order to speed up the regional services, but this is always a difficult balancing act for railways.

The key would be branding with something like 'Rail for the North' to highlight the fact that all these major conurbations have a common cause. Crucially, by running at speeds of up to 100mph, the trains would be able to deliver journey times that were quicker than the car. The modern, clean, fast and well-used service would give the whole region an identity. It would send a message that all these places are ready for the 21st century.

Think of all those equivalents of Thamesmead that would suddenly be within reach of far more places with job opportunities. Think how many locations near to stations would become desirable because of accessibility. Think too, of all the other benefits which modern railways have been proved to offer, ranging from environmental benefits to leisure opportunities.

Paying for it would be simple. The money is already earmarked... but for HS2. That is a scheme which has none of the advantages of 'Rail for the North'. It links various cities with London and, as several academics have pointed out, such lines generally benefit the more affluent of the two areas which are connected. It will, again, therefore be a project for the metropolitan elite, which will do little for the areas of the north it serves and nothing at all for the rest. In fact, quite the opposite. Far from encouraging development outside London, the high-speed trains will ensure that businesses will no longer consider having regional offices and instead focus on London since Manchester and Leeds will all be reachable in just over an hour. And the cost is so high that money will be sucked out of the transport system for decades in order to pay for it. Rail for the North would be far cheaper, probably in the order of between £10 billion and £15 billion and deliverable far more quickly.

One other ingredient should be part of any progressive government's offer: integrated transport, once one of New Labour's buzzwords, but thanks to its emphasis on 'market forces' never realised. The rail services need to be complemented by efficient bus services that connect with the railways and provide fast

services to towns and suburbs on the periphery. Crucially, this will require re-regulating the bus services to enable local authorities to determine priorities. The fact that buses outside London were deregulated in the 1980s causing swathes of services to be cut was yet another all too obvious example of the metropolitan elite ensuring that their needs were met, effectively by the state, while outside free market forces could run rampant. Re-regulating the buses and creating systems whereby buses complement the rail network, rather than competing with it as happens in Tyneside with the metro, would ensure the public had much better access to the transport network. As I said at the beginning of this essay, transport could be a great unifier, but its potential as such has not been exploited.

**Christian Wolmar's** book on transport policy, *Are Trams Socialist*, was published last year by London Partnership Publishing.

# **Devolve immigration policy to the nations and regions to answer the demands of Brexit**

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Atul Hatwal

**‘It’s like this mad riddle.’  
Thus spoke Danny Dyer,  
the sage of Brexit. Our  
modern-day Zarathustra  
wasn’t wrong and nowhere  
are the contradictions thrown  
up by the Brexit vote more  
evident than on immigration.**

How to ‘take back control’ of migration while not cutting numbers so precipitately that skills gaps cripple public services and drive businesses to the wall? Or that the EU’s red line on freedom of movement is so egregiously breached that the broader Brexit deal is derailed?

At the heart of the riddle is an impossible question on the right number of migrants to be allowed into the UK. The most significant area of migration is people coming to the UK to work (as opposed to those who come study, or for family reunion or asylum) and on this, whether Tory or Labour, the government has a choice of three policy options, each a wrong answer.

*Option A:* Set a numbers target that is so low as to be either unattainable or disastrous for the public services and the economy. The past eight years have tested this approach to the point of political destruction. It’s difficult to imagine a scenario more corrosive to trust in politicians on migration than the way the government has stuck to its target of cutting migration to the tens of thousands, while continually missing it by huge margins. It raises migration as an issue and then casts the government as incompetents or liars, not prepared to do what’s required.

*Option B:* Set a target high enough not to buckle public services or hit economic growth but one that then opens the government to charges of allowing uncontrolled immigration. The political

incentives for opposition parties are too great to pass up the opportunity of attacking on this issue, particularly in an era of hung parliaments, to say nothing of the far right whose members are salivating at the prospect of shouting betrayal on immigration.

*Option C:* Don’t set a target but try to assure voters that migration will be managed through a rigorous process. That hardy Labour perennial, a ‘tough, Australian points based system’ is a perfect example. Labour’s poll rating on migration is an equally good measure of the effectiveness of this approach – for the past eight years in YouGov’s regular tracker, the Tories have remained solidly ahead of Labour, despite the obvious disaster of their migration target. Since the EU referendum there’s been some recourse within Labour to try to focus on skilled migration while advocating for restrictions on low-skilled migration as an alternative approach. But this just leads back to the same underlying choices.

The division between what’s considered a high and a low skill in Britain’s current non-EU immigration system is based on the salary earned by the worker. Those who earn £35,000 or above are classified as high-skilled workers. According to this exceptionally crude dividing line, roughly 75% of the UK workforce is categorised as having low skill jobs; this group includes nurses, teachers and scientists.

Sticking to this definition of skills leads to option A. Setting a target based on a more realistic view of what constitutes high, medium and low skills leads back to option B.

There’s seemingly no escape from the numbers game.

But as with most riddles, the path to finding the answer lies in changing one’s perspective. Control has always been viewed through the prism of central government. Yet control doesn’t have

to be centralised. What if the balance between central and regional control was shifted decisively in favour of the latter?

English city regions, England's combined authorities, regional government in Scotland, Wales and Northern Ireland – this tier of devolved governance could take a leading role in setting the level of migrant labour required for their region, based on consultation with businesses and unions and local economic analysis. Regional work permits would then be issued in line with these priorities.

The referendum result revealed a deeply divided nation and the answer is surely not to impose a one-size-fits-all solution for the country on an issue such as migration where there are such different views in different regions. Devolving decision making on migration to a regional level would localise control over numbers, enabling flexibility for contrasting priorities across Britain to be accommodated.

Regional leadership on migration would result in less of Boris Johnson, Michael Gove and Nigel Farage and more of Sadiq Khan, Nicola Sturgeon, Marvin Rees, Steve Rotherham and Andy Street.

Less of the Sun and Daily Mail, more of the Yorkshire Post and Birmingham Evening Mail. Fewer Confederation of Business Industry, Trade Union Congress and national union leaders and more from regional employers and regional union leaders with direct ties to the people impacted by decisions.

Politically, the move to a regional policy would finally enable national government to dispense with the destructive numbers target in as painless a manner as possible. The national debate where the Johnsons, Goves and Farages are active would be reframed around the process of regional democratic control rather than the current obsession with numbers. Those who argued for a top-down target set by central government would be denying regional accountability.

The power of the argument in favour of an EU referendum in the 2010–2015 parliament was that to oppose it entailed denying people their say. It's part of the reason why the campaign for a second referendum is gaining traction.

The same holds for devolving policy on migration numbers to regional governance that is democratically accountable to its voters. It is much harder for far-right agitators to talk about an establishment betrayal or lack of public control over migration in this context.

At the same time, if this policy was implemented post Brexit, access to the UK labour market for EU citizens would likely not be hugely impacted given the high level of overlap between areas where the local economy has skills gaps and needs migrants and positivity on migration. London is the obvious example, where over 40% of the UK's migrants live.

Regionalising migration policy offers a singular opportunity to solve the Brexit riddle and take migration as a national issue, with all of the poisonous debate that surrounds it, permanently off the table not just as a political mechanism, but as part of a change that brings power nearer to voters and improved accountability.

All that's needed is for progressive politicians to have the courage to think beyond the bounds of Westminster and Whitehall.

**Atul Hatwal is director of the Migration Matters Trust**

# So, what now?

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Neal Lawson



## It should not have taken us, or anyone else, so long to respond more fully to the Brexit vote.

Even if you accept all of the arguments against the Leave campaign, there is no avoiding the huge and deep hole in the social, economic, cultural and political fabric of our country that was revealed by the vote. Yes, the Brexit vote was in part about our relationship with the EU, but it was evidently about so much more. Whatever happens next, whether Brexit happens and if so, how, the injustice, wounds, fears and frustrations that scar our nation can no longer be ignored, they have to be healed. The danger of course is that the daily running battles over the whether and how of Brexit will polarise the nation still further.

It is impossible to assign accurately the reasons for Brexit, they are collective as well as individual and personal. But three strong themes come out of these essays. The first theme is the economy. We need two things: balance and fairness. The UK is currently horribly skewed socially and geographically. Honestly, what did anyone think the reaction to a national plebiscite would be eight years after the financial crash from which the guilty got away scot-free and which resulted in the innocent being 'punished' with austerity? Measures suggested here that would go a long way to creating an economy that was balanced and fair and include:

- A Green New Deal
- Pay ratios
- Living wage
- Basic income
- Four-day week
- Strong union rights
- Controls on capital
- The taxation of finance
- Land value tax

- Apprenticeships at every level of the economy
- Skills requirements for jobs
- Local high-skills ecosystems
- Public procurement rules for local and social value

The second theme is around the social, the state and public services. This is clearly about money, resources and investment in the right things, in the right places in the right way, but it is also about how the state behaves and treats us as citizens. Many of the economic reforms discussed, such as a basic income and a four-day week, would have a strong social impact. Other measures suggested here include:

- Ending punitive benefits sanctions
- Increasing child benefit
- Build council houses
- Increasing tenants' rights and supporting tenants' unions
- Scrapping HS2 and building a northern rail network
- Regulating buses
- Dealing with immigration at a local/regional level

Finally, and perhaps most importantly, is the issue of democracy and our political culture. The very fact that so much anger and frustration on so many issues was packed into a 'yes' or 'no' vote is testament to the utter failure of our democratic system to represent the needs of so many people for so long. Brexit may or may not have been the right panic button to hit – it was the only panic button people had. Clearly the devolution of real power to regions, localities and communities is key. This needs to be enshrined in law. Proportional representation at a local and national level would also transform our democracy, making parties more accountable and responsive to all voters, while also ensuring a more plural and open relationship with each other. Any response to Brexit has to be less adversarial,

not more. A Citizens' Convention should be the way to drag the UK's formal democracy into the 21st century.

But democracy isn't just formal and has to become an everyday part of our lives, at work, in trade unions and civil society, through tenants' groups for example. Taking back control in a meaningful way means taking back responsibility too – individually and collectively.

Not everything can be legislated for. Much of the change we need to see is about culture and behaviour. We need a daily practice of kindness and consideration, listening to each other and making time for each other, respecting differences and learning from them. The Brexit vote exposed how polarised we are: it is a wake-up call to heal differences, not entrench them.

In that we must all take a lead. The writers included here cover a reasonable amount of political ground. We need to build an alliance that, regardless of how or whether Brexit happens, wants to address the causes of that vote and help cure them.

If we don't get these things right then all kinds of entirely predictable and unexpected consequences will come back to bite us, again and again. And if you think right now that this is the very worst mess the country could possibly be in – then think again.

There is no panacea that addresses all the reasons people voted for Brexit, no silver bullet, just a hard, honest and humble route back to a country that feels like it is pulling together and progressing. It should and must be possible.

**Neal Lawson is Chair of Compass**

