

# INTRODUCTION

## What This Book Is

This is a book about history and policy. It is about how public policy can be designed for the future. But it is also about how that policy can best be framed with a full understanding of some extremely important lessons from our own history – to enable that policy to succeed.

We start with an analysis of the reasons for the devastating impact of the COVID-19 pandemic in the UK. A commitment from 1979 onwards to neoliberalism – a doctrine that advocates the expansion of ‘free markets’ and reduced investment by the state in our social fabric – left us dangerously exposed. We had neither the capacity to respond effectively when COVID-19 arrived nor the flexibility in our institutions to turn this situation around quickly as the crisis developed. At the same time, we had let social and racial inequalities and health challenges multiply for decades – to such an extent that our resilience to infection risk and severe disease was compromised, not least among people of colour.<sup>1</sup>

COVID-19 has laid bare the underlying stresses in our society, stresses that resulted in a pandemic that was polarising in its impact. With the exception of the older population, those most at risk of dying were the poor, many with pre-existing health problems, who were nevertheless frequently working in exposed front-line roles providing essential health, care or transport services, while others

stayed safely inside. COVID-19 was not simply a pandemic, but a syndemic. In other words what we faced was not just an infectious disease that had to be controlled by cutting the lines of transmission. It was a super-toxic coming together of a deadly respiratory illness, with latent, non-communicable health conditions (such as heart disease, diabetes, obesity and asthma) that interacted with embedded social inequality. A syndemic occurs when these risk factors intertwine and reinforce each other to exacerbate and magnify the overall burden that the population experiences during a pandemic disease.<sup>2</sup>

This book will contrast the last forty years with two previous eras in which our welfare state was nurturing and inclusive, beginning this story by looking at the original Elizabethan Poor Law inaugurated in 1601, the first of its kind in the world. The unique provisions of that first universal social security system protected England from the scourge of famine – that other devastator of populations – to the extent that the English were free of large-scale famine more than 150 years earlier than the rest of Europe. We show that the Old Poor Law (1601–1834) also helped power England’s exceptional economic growth as it enabled a mobile workforce to develop, secure in the knowledge that they would be supported if times were hard. When the Poor Law was retrenched after 1834 into a deterrent workhouse system, the UK’s economic performance subsequently fell back. It was this retreat into a minimised laissez-faire state that left the UK unable to cope with a different microbial threat – in this case the potato blight. In the province of Ireland the new workhouse system proved completely inadequate to the task and millions fell prey to starvation or destitution between 1845 and 1851 in Ireland’s tragic Great Famine.

There are many other publications about the COVID-19 pandemic that offer insights by focusing on comparisons

between the UK and other countries. What this book does is different. It firstly provides an historically informed analysis of how we arrived in the dysfunctional state in which we found ourselves in 2020, and secondly it draws heavily on our own longer-term history to show how this vitally assists us to chart a way out of it. We will not of course be suggesting the same policies as in the past – times have changed. The principles we derive from our history are not dated or backward-looking – they are fresh and surprising insights into the best of our past and the optimism it can supply for our future.

Politicians and policy makers are always looking over the fence at attractive alternatives elsewhere in the world, but they often overlook the policy resources to be found in our own country's history. Drawing on England's unique history as the cradle of a universal welfare approach, we will show how previous periods of investment in the population's welfare, security and health supported inclusive economic participation and initiative-taking by the maximum proportion of the population. This happened firstly in the long lead-in to industrialisation, c.1600–1800, and then again in the high growth decades of the Golden Age after the Second World War when productivity growth reached historic highs and inequality reached historic lows.

Our policy contribution starts from an analysis of the risks that decades of public disinvestment have exposed us to. It will argue that even now the way that we are structuring our economic response to the pandemic and its aftermath could well simply act to enrich further those with property and assets, exactly as happened after the 2008 financial crisis. It will propose new policies, institutional arrangements and incentive structures to inform the way we rebuild UK society and our economy after the pandemic, ensuring that we do not default to tired and failed old formulae such as austerity.

It will set out proposals for replacing a disempowering state with a fully empowering state focused on nurturing the rising generation and promoting population well-being. It will provide proposals showing how a new more ethical capitalism, supporting this change to a nurturing society, can be created. It will also set these policy proposals in the context of the future destabilising risks of climate change and biodiversity collapse, arguing that we urgently need to embrace these changes because we simply cannot address the even greater challenges that we face in the near future if we stick with the neoliberal framework that has prevailed for the last four decades.

### Why Read This Book?

Events such as revolutions and pandemics reveal for us – like an X-ray – what is going on beneath the surface in a particular society at a particular time. The huge stresses they cause suddenly make starkly visible the damaging effects of the power relationships and the embedded inequalities, which were all already there, but which had been too often ignored as people got on with their busy lives.

We are living in the UK – and across the world – at such a moment of revelation. It is a point of historical contingency, when people’s political imagination can be engaged in new directions. It has been dawning on increasing numbers of people for some time that radical change is necessary. Ecological activists, starting as long as fifty years ago (Friends of the Earth and Greenpeace), have now grown in numbers – Extinction Rebellion is the most recent manifestation. Alongside the ecological movement, we saw the ‘Occupy Wall Street’ and ‘We are the 99%’ movements protesting against threatening increases in inequality made painfully visible after the

2008 financial crash; and in 2013 Black Lives Matter revived the longest-running anti-inequality civil protest campaign of all, dating back to eighteenth-century Abolitionism against racial slavery. In the summer of 2020 Black Lives Matter demonstrations erupted across the globe like a cultural pandemic, sparked by the capture on mobile phones in Minneapolis on 25th May of a white policeman deliberately kneeling on the neck of a local black man – George Floyd – squeezing his last breath out of him over nine agonising minutes.

Greta Thunberg, the talismanic figurehead of the mass movement of striking school children, has made explicit the direct connection between an extreme form of inequality-generating capitalism and the carnage being wreaked on the natural environment. And in late 2019 the world's economic leaders came forward with a statement on the need for a 'stakeholder capitalism' to replace relentless 'shareholder value', published in the 2020 Davos Manifesto on the purpose of the company.<sup>3</sup> Even the investment behemoth Blackrock appeared to announce a cautious shift away from the most carbon-intensive of its vast portfolio of energy investments.<sup>4</sup> But many of the world's powerful institutions – banks based in the City of London and Wall Street, transnational corporations headquartered wherever they pay least tax, and governments in hock to their wealth elites, such as those of the UK, USA and Brazil – were nevertheless continuing despite the Davos statement to pursue business as usual, maximising shareholder value at the expense of environmental destruction and rising inequality.

That, however, was until the COVID-19 coronavirus struck, rapidly reaching right across the globe and even infecting the leaders of these three countries – UK prime minister Boris Johnson, US president Donald Trump and Brazil's president Jair Bolsonaro – each of whom had initially refused to take it seriously. The coronavirus has now

profoundly disrupted the global economic system, built on sourcing everything from the cheapest possible location, which often tends to be those countries where ‘costly’ protections for workers and natural environments are weak or non-existent. It is certainly a crisis in the economies of all the world’s countries, including that of the UK.

The fact that the conventional global ‘free-market’ economics of the last four decades is being turned upside down by the coronavirus is, therefore, a moment of historical opportunity when there can be a fair and proper hearing at the bar of public opinion for new approaches that have been fighting for attention for some time.

This book contributes to this growing chorus. As will be shown in the chapters below, all the following recommendations for an alternative way of conducting ourselves in the future come with the knowledge that they are adaptations for our new and different times of policies and arrangements that have already served British society well in the past – in fact for most of the last 400 years. In its analysis of history this book argues that, above all, we need to start our re-evaluation by directly confronting the issue of morality. We should not be shy of using this word. It is powerful.

History teaches that no society lives without a collective notion of its morality. The policies originating in the reign of Elizabeth I show us that both British society and its economy have worked best when laws and institutions have been implemented that engender a public morality committed to providing collectively funded support for all individuals to thrive and flourish as independent agents. This is *collectivist individualism*, a peculiarly British innovation of enormous social and economic value.<sup>5</sup> A similar morality of collectivist individualism was also clearly evident in 1945 in Britain after the devastation of two world wars, when what is sometimes described as a new ‘social

contract' recognised the valid expectations of the newly democratic population for a welfare state that delivered employment, and health, education and housing for each citizen according to need, not ability to pay.

Many people may find 'morality' a quaint word. It's 'live and let live' today, isn't it? Apart from the religious, aren't most of us just pragmatic and rational? And shouldn't public policy be judged mainly by the criteria of reason, evidence and science, not morality? But the self-consciousness we all have in common does not just give us reason. As has been said, 'we are the moral animal'.<sup>6</sup> Furthermore, as research clearly shows, our moral intuitions, imbibed from childhood, come first, our reasoning second.<sup>7</sup>

A society that does not actively deliberate on and choose its morality has its morality supplied for it. It is there in the way we do things. And since 1979 there has been a powerful set of economic, cultural and media-owning forces determined to ensure that the way we do things maximises the opportunity for finance and commerce to derive as much profit as it can from our social and economic system, including through deregulation and tax cuts, while ignoring the damage that this might be doing. This way of doing things has its own morality.

The arguments that have been made in public by our political class to justify all this and persuade voters of its value have not usually been explicitly moral ones, though they have occasionally talked of 'scroungers' in their rush to promote the interests of one group over another. They have instead been about the virtues of efficiency, competition, privatisation, national GDP growth, consumer choice and shareholder value. There is an implicit 'morality of the market' in all of this. Lying behind it and supporting it are propositions asserting that everything of importance in economics can be priced and that individual self-interest is the only dependable and certain basis for determining the

rules, not only of the economy, but of society. As Michael Sandel puts it, ‘market reasoning smuggles in certain moral judgements despite its claim to be value neutral’.<sup>8</sup> But we don’t have to accept this morality by proxy. As the late Chief Rabbi Jonathan Sacks observed: if we lose respect for people in our commercial activities, ‘we lose freedom, trust and decency, the things that have a value, not a price’.<sup>9</sup> So we need to rouse ourselves, to change this default morality, recognising that it has become a problem for us – a moral problem, a social problem, an environmental problem.

There is no reason, in principle, why we can’t democratically decide on what our explicit moral goals truly are. We can redesign the laws governing how our businesses operate so they are legally bound to play by rules that reflect those moral values. If all companies wanting to trade in the UK are subject to the same rules, this does not interfere with the healthy aspect of competition, which is to promote efficiency. But it does prevent the unhealthy aspects of competition, which are the cutting of corners and preparedness to exploit weaknesses in worker and environmental protections around the world to boost profits. This kind of exploitative capitalism must be called-out for the immorality it rests on. If we want an ethical economy, it is within our power to create it.

Furthermore, this book argues that in order to bring this into being we, the citizens, need to vote for an empowering state. We have endured decades of the neoliberal state. This is the disempowering state that has systematically worked to weaken the many forms of civic organisation, local representative government, employee representation and protection that might interfere with commercial freedoms to maximise profits.

The empowering state is not a controlling state. Nor is it a nanny state telling people how to live their lives. It is about setting people free to take control of their lives.

It is quite the opposite of the strong-arm bullying state that tells you how many children you can expect to have supported if you are poor. The claim at the heart of the ‘free-market’ ideology is that the ‘small state’ is an adjunct to freedom. But whose freedom? While the neoliberal state makes little effort to prevent large corporations and rich individuals from using their freedom to whisk away their wealth and their profits to avoid tax, it comes down like a ton of bricks on the weak and the poor, freezing their benefits and taking away their right to a single spare bedroom.

In order for the poor to be able to buy-in – literally – to the new set of ethical economic practices we propose here, they need to be assured of the basic decencies of life, such as an adequate income, food on the table and satisfactory, secure housing. We need a state that actively nurtures every individual, empowering them with an equal start in life. All citizens should be provided with high-quality universal public services that are delivered on the principle of proportionate need. That means those from the most underprivileged communities or in the most disadvantaged circumstances receive proportionately more support to access and benefit from the services on offer. All this must be combined with a restored safety net for those who find themselves facing hardship for whatever reason.

In this book we show how the nurturing state can draw on the principles of a new green and pro-social morality of collective responsibility to create a new architecture of incentives for rich and poor alike. The innovative financing of the range of public services that will be needed to promote a more empowered and socially connected citizenry, and the investment needed to build back a stronger economy, must be based on the effective taxation of wealth and on fully progressive taxation of income. These are not measures provoked by envy. They are necessary to ensure that everyone is seen to be contributing fairly. We need to

bring the nation together in the life-and-death struggle we have ahead of us to avert the impending environmental catastrophe. The wealthy should now stand up and be counted in making the fullest contributions from their greater resources in leading this battle.

In our empowered society we also need to build up and revive all the institutions that can promote full democratic participation and voices from all quarters of the national community, including the voice of workers and trade unions. This should also extend to empowering local government, something that is very simply done. Discretionary power needs to be statutorily granted to manage more of their affairs responsively and accountably to their local electorates; and the centre needs to concede significantly greater revenue streams to local authorities so that they have the resources to take initiatives, which their local electorates can be the judge of.

An equally important dimension of ensuring full and fair democratic participation is to expunge the cancer of corruption and cronyism from central government, which the COVID-19 crisis has revealed to have reached alarming proportions after forty years during which the state has increasingly become dependent on large corporate interests. In the teeth of a deadly national crisis we have had almost weekly revelations of a state that is in danger of approaching a kleptocracy and that, in the case of the absolutely vital test, track and trace system, has presented a record of dismal incompetence, which will no doubt be shown in due course to have tragically cost many, many lives. At the same time, the lobbying firms and pseudo-think tanks drip feeding into government must be made to come clean on who is paying them for their advocacy work. We can no longer afford to tolerate this in a society needing to ensure, as its highest priority, that its economy is to become morally green, transparent and inclusive so that all can prosper and share in its rewards.