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# Reimagining the Existing Economic Model

A collection of essays, compiled and edited by:  
Silke Breimaier, Megan Corton Scott, Andrew Robertson







## **About the Fabian Women's Network**

The Fabian Women's Network (FWN) is the women's section of the Fabian Society, Britain's oldest political think tank. Founded in 1884, the Society is at the forefront of developing political ideas and public policy on the left.

Fabian Women's Network has over 2000 members across the UK. Women of all ages, and all levels of experience, are welcome, and we are run by a committee of elected volunteers.

Our priorities are as follows:

- **Supporting women:** We run a popular mentoring scheme and public speaking club, which link women with Labour politicians and leading women in the public sphere, to support those who want to enter politics and public life
- **Promoting women:** Through our magazine, Fabiana, and by holding policy events and publications, we provide a platform for women's ideas and expertise, and contribute to policy debates
- **Connecting women:** Good networks are important to professional and political success, yet many women have less access to networks compared to their male counterparts. We work hard to ensure Fabian women are connected with each other and with other influential women.

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# When the wind of change blows, some people build walls, others build windmills.

This Chinese proverb encapsulates the challenges our modern economies face and what the progressive movement must do in this century. Technological change has shaped our lives and public debates for the last twenty years: big data, artificial intelligence, the internet of things to only name a few of the current buzzwords. And the rapid rise of the economies in countries such as China and India, of course.

Technology has changed jobs, industries as well as relationships. Millions move between continents, be it to escape war, in search of a decent pay, for work or love. Big factories and traditional forms of labour are fading. This coupled with automation and rapid decrease in unions membership, is changing the paradigm the political Left has built its consensus upon for decades.

This massive change has led to fear, disintegration of certainties and familiar habits, loss of jobs - but also to new opportunities, travels and enjoyment. Sadly though, the latter have often been limited to the very few. And in this lies part of the reasons for the discontent we are seeing across Europe and globally at this present time. For the UK, Brexit is certainly going to create even more uncertainty and economic upheaval.

Countries, and the Left within them, have responded in different ways and we can learn from each other. With this in mind, the question for the progressives is - going back to the Chinese proverb - what are the windmills we are going to create and how do we generate enough consensus and trust around them?

This is the challenge for the modern Left. The answer is not retreating to a more comfortable past but it lies in the courage and skills of the political leadership to work out a vision for the future. In this pamphlet, we have asked some of the leading thinkers to discuss their ideas for a renewal of our economic thinking.

Our contributors happen to be all women – and this is great, it is women’s voices that we are missing in this discussion. We hope to help others come forward and join our debate so that women can not only influence but lead the discussions at this very crucial time for Britain and the world.

**Ivana Bartoletti**

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# Contributors



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Silke has been Project Manager for the FES London Office since August 2014. She previously worked as Project Coordinator at the Nordic Office of the FES in Stockholm and Research Assistant at the Department for Comparative Politics at the Ludwig-Maximilians-Universität in Munich. She holds a Master's degree in political science, communication and education from Ludwig-Maximilians-Universität in Munich and has also studied Swedish language and Swedish politics.



## **Victoria Chick**

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Victoria is an Emeritus Professor of Economics at the University College London, where she has been teaching for almost 40 years. She has written extensively on the economics of Keynes, money and economic method. In 1988, Victoria and Philip Arestis have founded the Post Keynesian Economics Study Group (PKSG). She has also worked for the Reserve Bank of Australia in Sydney, as well as for the Federal Reserve Bank of New York.



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Frances used to work for banks and now writes about them, and about finance and economics generally. Frances worked in banking for 17 years and did an MBA at Cass Business School, where she specialized in financial risk management. She is the author of the Coppola Comment finance & economics blog, and a frequent commentator on financial matters for the BBC.



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Megan sits on the national executive committee of the Fabian Women's Network. She works as the Events Manager for Demos think-tank, is on the national executive for Labour movement for Europe and is Vice-Chair and Women's Officer of London Young Labour. She also has extensive experience with the charity sector, focused on issues affecting children and women, and is always looking for ways to promote women's voices.



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Carole is the Chief Executive of the Young Women's Trust. She is also Chair of Young Minds, the UK's leading charity committed to improving the emotional wellbeing and mental health of children and young people. She has worked as a trainer and consultant in the UK and overseas developing help lines and children's services. She has extensive experience in the voluntary sector, as she had been Chief Executive of Cruse Bereavement Care, ChildLine and CLIC Sargent.



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Susan is a feminist economist and Emeritus Professor of Economics at the Open University. She is a leading expert on the economics of gender and was the founding Chair of the UK Women's Budget Group. She has been on advisory groups for the Equality and Human Rights Commission, on Working Better and on Making Fair Financial Decisions. In 2009, she was the President of the International Association for Feminist Economics (IAFFE), and from 1996 to 2012, an Associate Editor of its journal Feminist Economics.





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Mary is a Member of the European Parliament for the Labour Party representing London since 2000. Since becoming an MEP, she has taken a special interest in women's issues, and acts as the Labour spokesperson for women's rights and gender equality. In addition, she has been a member of the Culture and Education Committee since 2009. Prior to becoming an MEP, Mary worked in the charity and non-governmental sector.



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Rebecca is an analyst at Centre for Cities, a research and policy institute, dedicated to improving the economic success of UK cities. Rebecca's recent research explores the drivers of private sector investment in UK cities, looking at what cities can do to best attract this much-needed investment.



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Gloria is National Secretary for equalities at UNISON, a member of the Senior Management Group, as well as President of the ETUC's women's committee. She has among other things served as a Commissioner on the Commission for Racial Equality and Commission on Older Women. Gloria has also been President of the TUC in 2005/2006.



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Rachael is the Director of Business in the Community's Age at Work campaign. She is leading the setup of this new campaign at Business in the Community, focussed on the business response to our ageing population. Prior to joining Business in the Community Rachael worked for the TUC, Carers UK and UNISON. She is a local councillor in East London. She has an MSc from the LSE in Gender and Social Policy and a BA Hons from Durham University in History.



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Fiona has been on the London Assembly as a Labour London-wide List member since May 2012, and was re-elected in 2016. She is Chair of the London Fire and Emergency Planning Authority. She is the London Assembly Labour Group Spokesperson on the Economy and chairs the Assembly's Economy Committee as well as being a member of the Regeneration Committee and Education Panel. She is also a Trustee of the Encephalitis Society.

Contributors

# Industrial Strategy: Cinderella seeks Fairy Godmother

Industrial strategy has had a bad press for a long time now. This is partly due to some rather unsuccessful policies in the 1960s and 70s and partly due to the influence of mainstream economic theory, which has never liked government ‘meddling’ in private sector production. Intellectual fashion goes in cycles: Keynes, in his ‘The End of Laissez-faire’ (1926a), traces the negative view of industrial intervention both to governmental incompetence in the eighteenth century and to economic theory coupled with the philosophy of individualism.

Modern economics has incorporated individualism, with a vengeance – it is now foundational. When it is assumed that economic agents are isolated ‘atoms’, the social dimension, which is the cornerstone of the case for concerted action for the public good, has no place. Not only does this remove the social dimension, but it also removes the question of power, since these ‘atoms’ are supposedly too small to exercise any (this in the face of today’s giant companies, who we observe destroying the environment, gouging their clients and manipulating finance, among other not exactly powerless activities).

Even crazier than this assumption is a less visible and rarely acknowledged one: that of perfect knowledge (at least in the form of certainty-equivalents of a statistical variation,

or, in the case of rational expectations, arrived at by trial and error learning). Since ‘the market’, comprised of atomistic agents, has this knowledge into the indefinite future, there is nothing government can do which does not make things worse. The market knows best; leave it alone.

This is the poison that mainstream economists have been dripping into politicians’ ears for nearly fifty years (politicians only know, trust and listen to these economists). The mantra ‘Private sector good, public sector bad’ is deeply entrenched, not only in their minds but also among many of the public that vote them into – dare I mention it – power.

Thus did industrial policy become a Cinderella – ugly, dressed in rags, and kept out of sight – even to some extent in heterodox economics too, where an ethical and political dimension has always been retained as part of the discipline. Remarkably, it is Theresa May who has included industrial strategy in the name of the revamped Department for Business, Innovation and Skills (now Business, Energy and Industrial Strategy – controversially, swallowing up Climate Change too) and published a Green Paper on the subject. Is she its fairy godmother?

To answer that, we ask what a good industrial strategy might look like.

## Profit or the public good?

For Keynes,

*'[I]t is not a question of choosing between private and public enterprise ... [I]t is a question of the state putting its hand to the job or of its not being done at all' (Keynes 1929: 113). He commented that 'the line between private and public is constantly shifting. No matter of principle is involved'.*

This scope for intervention is rather narrow: Keynes was hardly on the 'hard left' on this issue. One almost feels that he is toning things down to allay the fears of the marketeers, who existed then as now. Keynes' priorities for government action are to mitigate risk, uncertainty and ignorance. Industrial knowledge should be organised and widely disseminated to both businesses and investors, to foster more rational allocation of capital, and a stronger association between finance and industrial activity should be encouraged. He wanted to see regulation of capital and its direction, and favoured regulation of wages and hours. There was a role for the state in training and the encouragement of labour mobility.

He saw a partnership between the state and private enterprise as far better than either nationalisation or unregulated competition. But his passion, and his real purpose, breaks through in this passage:  
*'To suggest social action for the public good to the City of London is like discussing The Origin of Species with a bishop sixty years ago. ...*

*... An orthodoxy is in question, and the more persuasive the argument, the greater the offence'*

The heart of the matter is the public good. In the late 1920s Keynes spoke of many corporations of his day as seeing themselves as acting in the public interest (ibid.: 288-9). But by 1933 he took a different view:

*'The decadent international but individualistic capitalism in the hands of which we found ourselves after the War, is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous, and it doesn't deliver the goods' (...)*

And he aimed squarely at the profit motive:

*'The nineteenth century carried to extravagant lengths the criterion of financial results. ... The whole conduct of life was made into a sort of parody of an accountant's nightmare'*

These matters come to a head in The General Theory, where Keynes advocates the 'socialisation of investment' and satirises the Treasury's attitude to spending in the famous, but often misunderstood, passage about digging holes in the ground. People forget the punchline:

*'It would indeed be more sensible to build houses and the like; but if there are political and practical difficulties in the way of this, the above would be better than nothing.' He blames 'the education of our statesmen on the principles of the classical economics'*

Nothing changes.

## The 2017 Green Paper

In the light of these ideas, let us look briefly at the Green Paper. It does not contain a single mention of the public good or public purpose. The only 'public good' envisaged is the growth of the economy, though its regional distribution is given prominence.

The Prime Minister, in her foreword, mentions 'a fairer society' and pledges to 'move beyond short-term thinking'. Is this a first for a modern politician?

The Secretary of State for Business, Energy and Industrial Strategy also promises long-term thinking. But the rest of his remarks, as in the 'Ten pillars', are entirely about 'increasing productivity and driving growth across the whole country'. There is nothing explicit on mitigating risk, uncertainty and ignorance, though some proposed actions would have that effect. The comment on public policy as a force for stability also fits Keynes's criteria.

The focus on supporting start-ups conforms to 'doing what would otherwise not be done at all', as does much of the emphasis on Research and Development, infrastructure and skills training, though I am less pleased that deregulation is invoked as part of that support. I am also worried about the emphasis on getting the deficit and debt down, as if these were financial obstacles to achieving a strong economy. Finally, there is no consideration whatever of the possibility of prosperity without growth.

## Conclusion

Overall, the Strategy is the econocracy in action. There is nothing wrong with a strong economy – I wish we had one – but the focus is entirely on successful business (i.e. profit) rather than what is for the common good. What is to be produced, and how, are not questioned.

Economics is not the whole of life and should not be treated as such. Looking at the Green Paper in the context of other government policies, one has to ask: What will help us live 'wisely, agreeably and well' (to use Keynes' formulation)? Where are the tools of conviviality; the safe public spaces, especially those where children and young people can go independently; culture and the arts? Does support for innovation and the provision of infrastructure make up for the loss of libraries, school teachers and public parks?

These 'public goods' have been cut while vanity projects like HS2 and risky ventures like Hinkley Point absorb very considerable resources, inevitably at their expense.

So is Theresa May the fairy godmother to a Cinderella policy? Well, yes and no. I have talked about the negatives, but at least Industrial Strategy is now open for discussion.

**Victoria Chick**

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# The Future of Work: Caring for Others

It's very easy to gaze into the far distance, see a golden future of automated production and the rise of intelligent, benign silicon-based beings who exist only to serve their human masters, and proclaim the end of work.

Personally, I suspect this is the stuff of science fiction and that the changes won't be quite so drastic. Production may indeed become the province of robots, but there are many other forms of work. The problem we have is that the forms of work that are least vulnerable to robot takeover are also those we value the least.

We are still wedded to the value system of the industrial age: producing over caring, and hard physical labour over brainpower. "Proper work", particularly for men, means tilling the fields; hewing coal; standing all day on a production line repeating the same task; lugging around hods full of bricks. Politicians who promise to restore jobs like these get elected – even though their chances of doing so are extremely slim. And it is not just men who vote for them. It is also those women who want their men to do proper men's jobs and earn a proper man's wage, rather than encroaching on "women's" territory.

Men who do so-called pink collar jobs – the caring work historically undertaken by women, often for little or no pay – are all too often looked down upon.

These attitudes must change. As the proportion of elderly people in our society increases, caring professions will become an ever more vital part of society. And as production (together with the routine office jobs that have been the bedrock of the middle classes) increasingly becomes automated, caring for others is already becoming the main source of income for many men as well as women.

## "Unskilled" or unappreciated?

Much of the physical side of care work will probably be automated away, to everyone's relief. But that leaves the most vital job of all, and the one robots can never do: caring for people's social and emotional needs.

We should teach emotional intelligence and social skills in schools and, for those who will work in the care sector, at an advanced level. These skills are also vital in hospitality, another sector where people who are really good at their jobs are nevertheless called "unskilled".

Those in caring roles, whether men or women, should be afforded the same respect as people in any other field of work. We should regard them as professionals and offer them career structure. Currently, we assume that they lack the talent or options to do anything else.

But do we really want our elderly and our children looked after by people for whom the only alternative is long-term unemployment? (Judging by the price we are willing to pay, it might seem so.) Surely we want the best care for our loved ones, not a bare minimum, grudgingly given.

We encourage young people to develop other skills so that they don't have to become care workers. What kind of message does that send to those who *do* work in the care sector?

Much ado is made about the shortage of people (and particularly women) with skills in science, technology and engineering.

Schools, colleges and universities are pressured to increase the number of students who take these up. But so far, no-one seems to be paying attention to the terrible shortage of people (and particularly men) who have the emotional and social skills to be really good at care work. Anyone who is any good escapes from care work into something with better pay and conditions, such as nursing – now conceived of as a managerial job – or teaching. We express our horror at dreadful stories of elder abuse and child neglect, but we balk at paying carers good wages and providing training, proper equipment and decent working conditions. The paucity of women working in science, technology and engineering and the scarcity of men in the caring professions are opposite sides of the

same coin. If we are to have a genuinely balanced society, with equal pay for equivalent work, we need to address men's reluctance to care for others just as much as we do women's reluctance to study mathematics. When enough men do care work, there might be sufficient political pressure to force through better pay and conditions in the care sector, for women as well as men. When you define a job as a "profession" and set barriers to entry such as qualification levels and membership of professional bodies, the status afforded to those doing that job rises along with their pay, and

*The paucity of women working in science, technology and engineering and the scarcity of men in the caring professions are opposite sides of the same coin*

expectations concerning personal and skills development. It is time to define care workers as professionals in their own right,

and stop being so dismissive about care work – then more men might be attracted into it. Once these and other "unskilled" jobs receive appropriate recognition, we can let go of the jobs of the past and allow our robot colleagues to do what they do best – the routine and physically demanding jobs that, let's face it, we don't really enjoy. The key to achieving this transformation will be to radically improve pay, conditions and opportunities in the caring and creative sectors: fields of work that best suit our social, emotional, imaginative and ingenious species.

**Frances Coppola**  
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# Tackling In-Work Poverty

In the UK 7.4 million people are suffering in-work poverty, according to the Joseph Rowntree Foundation – most of them women. That's 2 million more people who have paid work, but still cannot afford life's basic necessities, than there were ten years ago.

Ending in-work poverty is in everyone's interest. Ensuring work pays enough to live would help the families who need to put food on the table, businesses that benefit from a happier and more productive workforce, and the taxpayer, who would be spending less on in-work benefits. This can be achieved by valuing the work women are more likely to do – and paying women accordingly. It is also about helping women into the jobs that are better-paid, but currently dominated by men, and addressing the rising cost of housing, transport and childcare.

## Valuing the work young women do

We expect – not unreasonably – that wages should at least cover the fundamental requirements of food, shelter, warmth and hygiene. For many women, this is not the case. Young women in particular are more likely to work in low-paid, insecure work, such as caring, cleaning and clerical jobs. One in five young women has at some point been paid less

than the minimum wage – a particular problem in the care sector.

The paid carers who look after our family members when they are old or unwell do some of the most important work in society; yet low wages and a lack of opportunities for career progression mean they often struggle to support their own families. Young Women's Trust has found that, as a result of low pay, 39 per cent of young women find it a real struggle to make their cash last to the end of the month, a quarter are in debt all the time and many are putting their lives on hold. Employers must recognise the value of the work that women tend to do, and ensure that pay and opportunities for progression reflect this. A good place to start would be to pay the living wage to everyone aged 18 and over.

Paying people enough to live on has been shown by the Living Wage Foundation to increase productivity, reduce absenteeism and staff turnover, and boost businesses' bottom lines. Better enforcement of the minimum wage and more training to help women progress up the ranks would help too.

## Helping women into male-dominated sectors

While women tend to be over-represented in low-paid roles, they are shut out of better paid



sectors like construction and engineering due to gender stereotypes. From a young age they are made to feel that these industries are more suited to men – and those doing the hiring can often think the same. So women tend to take up lower-paid apprenticeships in administration, care and beauty, for example. If they do enter male-dominated sectors, women can face discrimination.

Making apprenticeships work for women would be a great start, including by providing more part-time and flexible apprenticeships to help them balance work and family life. There should be clear pathways available to young women with low or no qualifications, so they can start apprenticeships and progress to the higher levels. Small changes too, like adapting the language in job adverts to appeal to young women explicitly, welcoming women applicants and removing formal academic entry requirements for apprenticeships, can make a big difference.

As we are increasingly seeing skills gaps in male-dominated areas like construction and engineering, helping more women into these areas is not just the right thing to do for them, but it clearly makes economic sense too.

## Addressing housing, transport and childcare costs

It is not just wages but the rising cost of living that contributes to in-work poverty. Many young women report that housing and childcare are prohibitively expensive. Together with the added burden of transport

if they do go to work, the cost of going to work can amount to more than available wages: effectively removing the option of part- or full-time work. There are changes to the childcare landscape due to be introduced, but young women already know that unless they can access flexible and affordable childcare for more than 38 weeks a year they cannot go to work.

Ensuring round-the-year, flexible child care for those in particular need would help to make work pay. Addressing the shortage of affordable housing for young people and considering transport bursaries to enable young people to commute, particularly in rural areas, would also help.

## Conclusion

Helping young women into good jobs with decent pay benefits everyone: them and their families, businesses and the national economy. It should therefore be central to the government's economic strategy.

The government is currently consulting on a new "Industrial Strategy". I hope this is an opportunity to make sure our growing economy offers fair opportunities to women.

**Dr Carole Easton OBE**

*Young Women's Trust*

# Investing in Social Infrastructure for a More Equal and Capable Economy

## Aims of Industrial Strategy

The fundamental aim of Industrial Strategy should be to promote the population's well-being by enabling investment in the sectors that matter most to this task. However, on environmental grounds among others, wellbeing should mean more than just greater overall consumption.

The capabilities approach, which forms the basis of the UN's Human Development Index, measures well-being by what people are enabled to be and to do. It suggests that Industrial Strategy should be focused on the equitable and sustainable development of human capabilities. This is a much better measure than "equitable and sustainable growth" (of GDP) because the latter excludes so much that contributes to well-being, for example all that is currently provided by unpaid labour.

For the UK, this is a specific challenge because:

**1.** Some people with reduced capabilities need care services to increase them, including:

**a)** Children - childcare not only increases their current capabilities but determines the capabilities they will have as adults;

**b)** People with disabilities, including the frail elderly: the care they receive should be focused on increasing their capabilities i.e. enabling them to do things, even if with help, not just doing things for them.

**2.** The general level of capabilities is too low – one measure of this is UK's low productivity.

On the second point, besides raising general level capabilities (including employability skills), everyone should have a specific skill (likely to need changing and/or updating over the life-course).

Improving capabilities therefore requires investment in social as well as physical infrastructure. Education, health and care systems are good examples of social infrastructure, whose beneficial effects accrue to society as well as to their direct recipients. Because these effects endure into the future, spending on social infrastructure is a form of investment.

The current system of national accounts misleadingly counts only spending on physical infrastructure as "investment". This biases spending away from investment in social infrastructure, and towards men's jobs over women's.

## Social infrastructure investment should be aimed at creating:

### **1. A genuinely caring society with high quality care services for all who need them, focused on capabilities**

The UK needs a national care service, closely allied to the National Health Service and education systems, free at the point of need.

Overhauling the UK's current, low aspiration care provision will require transforming the care sector's training and employment structure.

Currently, care work is often a job of last resort for those who cannot get a "proper" job, and who must put up with poor working conditions. Compare Denmark, for example, where all care workers are thought of and trained as educators ("pedagogues"), including those who work with the elderly. Care work should be transformed into well-paid, skilled work under good conditions that sufficient numbers of people are proud to choose as a career.

The institutional forms by which care is delivered could involve both public sector and non-profit organisations, and should aim to reduce (eventually to zero) the current reliance on private, for-profit services, which tend to deliver minimal quality care by poorly treated workers.

There is much scope for institutional innovation here, for example by developing cooperatives of care-users and care-givers.

### **2. A population with the necessary general capabilities for the modern world**

Raising the general level of capabilities implies free access to life-long learning, so that everyone can train in skills that were not part of their basic education but are necessary today. These include updated ICT skills, English as a second language, skills in healthy, stress-free living etc. As well as enhancing current and future capabilities, many of these skills will reduce future needs for care.

### **3. A high skill, high productivity, high pay economy**

In such an economy, everyone has a specific up-to-date skill and the opportunity to make use of it in socially useful and personally rewarding ways. This requires investment in a new flexible training infrastructure to which everyone would have access throughout the life-course. Such a training infrastructure should aim to promote greater equality in wages, skills and opportunities, including supporting the transformation of traditionally single sex occupations.

One focus could be on women who, without the opportunity to use and update their existing skills (or to retrain), currently take unskilled work that is more compatible with childcare responsibilities and are often permanently lost to the skilled workforce as a result. Affordable (free) childcare while training is therefore an important issue.

## Meeting the costs of such an investment

Such a programme will be expensive, but some of those costs are inevitable even under current priorities.

Current structures of underfunded, underpaid social care are not able to recruit sufficient staff, and after Brexit shortages will worsen. Whereas increasing productivity and enhancing capabilities would reduce many costs in the long run.

Further, research by the Women's Budget Group has shown that even in the short run, the net costs of investing in care are reduced by its direct and indirect employment effects:

**1.** First, investing in care generates a large number of jobs, more jobs than an equivalent investment in construction, a standard focus of stimulus spending. In total, up to 1.5 million jobs could be created in the UK if 2% of GDP were invested in care industries, compared to 750,000 for an equivalent investment in construction.

*While investment in construction increases the gender employment gap, investment in care reduces it*

However, by creating twice as many jobs in total, investment in care produces almost as many jobs for men as investment in construction.

**2.** Second, unlike most other forms of investment spending, investment in care also increases the labour force by enabling those doing unpaid care to take jobs or increase their level of employment.

Increased tax revenue from additional earnings (including indirect taxation from increased consumption) and reduced spending on social security benefits, has the potential to recoup between 88 and 96 per cent of this annual investment, depending on the pay and qualification levels of childcare workers.

This is even without counting the gains from allowing mothers to retain jobs in which they can use existing skills, or from the future increased productivity of better-cared for children.

**Susan Himmelweit**

*Open University*

# Save Britain's Economy: Stop Brexit

As Britain heads for the abyss, the uncertainty – not to mention the sheer stupidity – of a hard Brexit has hit the value of the pound and diminished investor confidence. Following the triggering of Article 50 on 29 March 2017, Theresa May appeared more firmly wedded than ever to inveterate Brexiteers such as David Davis, Bill Cash and John Redwood. Destruction and devastation are being wrought on the people of Britain for one simple reason - to tame the rampant Conservative nationalists in the Party so that it can appear united.

In her Article 50 letter Mrs May made it clear that Britain will leave the EU single market, though no mention was made of the equally important customs union. The combination of the single market and the customs union is very powerful. The former allows the EU to operate as one economic unit without any internal borders or other regulatory obstacles to the free movement of goods and services. The customs union provides that no customs duties are levied on goods travelling within the Union and that member governments impose a common external tariff on all goods entering it. Both the single market and the customs union have guaranteed Britain's economic well-being for thirty years. The most immediate effect of a decision to leave the single market would of course be felt on the balance of trade. The European Union is

Britain's closest and most natural trade partner, flows having increased since our decision to join the EEC in 1973. For a trading nation any decision to walk away from the European Union is a counter-intuitive step backwards.

The government's assumption is that the benefits of the single market can be easily replaced by a strategy of 'global Britain': striking trade deals across the globe, and especially with Commonwealth and English speaking countries, without compromising with the 27 other EU member states. Yet India is already refusing to play ball. Indian government officials warned Theresa May when she visited Delhi (in January 2017) that the British government needed to reform visa arrangements. One official publicly stated, "we cannot separate free movement of people from the free movement of goods, services and investments." Britain will find it hard to compete with 'Market Power Europe,' and should Brexit happen, the UK will have a much smaller global economic presence. This point is underlined by recent research from the Centre for Economic Performance at LSE, which found that even if Britain took the bold step of removing all tariffs on trade worldwide, the impact would not be enough to offset the loss of single market membership. World Trade Organization (WTO) tariffs are already very low and the focus of most trade deals is now the harmonisation of non-tariff barriers,

which cannot be achieved unilaterally.

## Southern powerhouse

Leaving the single market will hit London the hardest, as the UK region with the highest percentage of jobs dependent on EU exports. Of particular concern is the threat to our financial sector. The City of London is the unparalleled leader across the entire EU in banking services. Since Britain's accession to the Common Market, banks have been attracted to London as a well-connected and stable base, benefitting from the EU's financial passport (which facilitates cross-border financial services in the EU and European Economic Area, EEA). Outside the single market, banks will lose these rights and will have to set up at least subsidiary branches in other European cities. The knock-on effect for jobs in the capital is clear. 35 per cent of wholesale banking in London is related to the rest of the EU, and it is estimated that between 10 and 15 per cent of banking jobs at the five largest US banks in London may move abroad. The true state of UK financial services is reflected in its share of global financial offerings - capital raising through new shares in new or existing companies. As of April 2017, London had received \$2.2 billion (6.4 percent of the international total) compared with \$5.5 billion (14 per cent) during the same period in 2016. Capital markets do not like uncertainty. Outside the single market, banks may have access to 'equivalence' measures which provide almost, but crucially not all of, the same rights as the financial passport. Under this equivalence scenario, Britain would have to maintain similar regulations over the

financial sector as the EU, whilst surrendering its significant influence in this field. More alarmingly still, these equivalence rights can be revoked by the European Commission at any point. It is therefore hardly surprising that the City of London reacted with shock at the decision to leave the EU, and urgently needs stability and reassurances over future economic arrangements. Creative industries are of special importance to London and the wider UK economy, despite being almost entirely overlooked in Brexit considerations. The sector has grown continuously over the last 40 years, including during the economic crisis, and now accounts for seven per cent of UK employment. At present London's creative sector benefits from the European Union in numerous ways, from Creative Europe Programme funding, to the free-movement of people for touring performers. EU legislation covering copyright and intellectual property is also of vital importance to an industry which has been a great British success story. Now that we are entering the Article 50 negotiations we must continue to say loud and clear that the government has a responsibility to the British people as a whole, and to industries and sectors that underpin Britain's prosperity. In her Article 50 letter Theresa May pointed out that Britain and the EU start from a unique position in the discussions – close regulatory alignment, trust in one another's institutions, and a spirit of cooperation stretching back decades. Let's make sure we keep it that way and remain one of the EU's leading members.

**Mary Honeyball MEP**

*Labour group, European Parliament*

# Cities vs Non-Urban Areas: Who Owns the Future?

Inevitably, each party in the 2017 election campaign promised to spread growth across the UK as a whole. Previous attempts have failed because they have not allowed for the distinct role that location plays in the national economy. We cannot pretend that the same economic policy works in every geography. We cannot make real and lasting progress until we first understand the diversity of our local economies.

## Business location decisions depend on what's on offer in each place

For many, the most attractive location is a thriving and accessible city centre or a surrounding suburb; for others setting up in a deep rural location works best for them.

Businesses, and therefore jobs, are not spread evenly across the UK but are clustered in cities. The fact that such clustering persists – even deepens – despite ever greater technological advances, tells us there are compelling advantages to urban locations. Place has a vital role to play in the performance of the national economy.

## Cities offer access to dense clusters of economic activity, providing three key benefits to businesses

First, they enable easy sharing of inputs, infrastructure and supply chains. Second, co-location opens up a wealth of potential relationships, making it possible to exchange information and ideas. Third, a city provides a large pool of workers to choose from, increasing the chances of employers finding their ideal employees. The combination of these factors helps explain why cities, while covering just nine per cent of the land, are home to 52 per cent of Britain's 2.5 million private sector businesses and 59 per cent of its 21 million private sector jobs. These benefits may come at a cost – rents being the most obvious – but businesses clearly think they are worth paying for.

## But some cities are more successful than others...

Cities such as Milton Keynes and Reading have been very successful in attracting investment in high-skilled jobs, and have very productive economies. Less productive cities, such as Barnsley and Blackburn, have been successful at attracting investment too, but this has tended to be in low-skilled activities. This reflects their offer: access to cheap land and lower-skilled workers. The result is that they have low average wages, a lack of career progression and higher unemployment.

## Less productive cities must strengthen the benefits they offer to high-skilled businesses

This has to start with skills improvements; attracting high-skilled businesses is near impossible if a place can't offer the workers these businesses require. Given the increasing preference of high-skilled businesses for a city centre location, rather than an out-of-town office park, they should also look to make their city centre a more attractive place to do business.

Strategic planning that understands the differing roles that different parts of a city play in its economy, public realm improvements and better public transport will encourage this investment.

## For cities doing well, economic policy should focus on mitigating the costs of success

Even the strongest performing cities experience problems as transport and housing systems struggle to adapt to growth. A house in London or Oxford costs on average 17 times an annual salary, preventing many workers from living in these cities and reducing businesses' access to potential employees. If not addressed, this can limit economic success and prevent the area offering the best possible environment to business.

The number one priority for these cities should be to work with partners to identify sites for

new housing development and plan strategically to ensure they are served by transport infrastructure.

## By appreciating the differences between places, economic policies can be more targeted and effective than in the past

If we want to see growth across the country, our poorly performing cities need to offer high-skilled businesses what they are looking for, whilst cities with strong economies must manage the costs of growth. Rather than reinventing the economic model, we need bespoke policies to ensure the economic model works in all places to provide jobs, careers and ultimately a higher quality of life.

**Rebecca McDonald**

*Centre for Cities*



# Women's Economic Empowerment: The Case for a New Industrial Strategy

A new industrial strategy is long overdue.

The world of work is changing rapidly: key groups of workers are at risk of being left behind because low skilled, insecure and fragmented forms of work are replacing secure, stable and decent jobs. Unions are central to women's economic empowerment and have a key role to play in shaping the agenda for industry. Equality in general, and gender equality in particular, are important components of a new strategy and narrative.

The current economic model continues to fail women; indeed it has been responsible for keeping women at the bottom of the pyramid in all areas of economic, political and social policies – and positions. Unfair levels of pay and inequitable distribution of wealth have kept women poorer. Many working women – especially racialised, disabled, young and older women – have been left behind, reliant on in-work tax credits to make up deficits in pay and a living wage. That work no longer keeps people out of poverty is a national failure. In sustaining women to achieve economic independence we have to expose and challenge the scourge of in-work poverty, and the adverse policies that underlie it. We need to change the narrative and build a new economic model that recognises women's educational attainment levels, the value of women's work and their contribution to

economy and society. Too many women are working below their educational and skills potential. A key achievement is the European trade unions' call for a new "Social Pillar" of Rights. This will put the social dimension on an equal footing with that of the "economic" dimension (narrowly defined) that has dominated debate in the European Union.

## Gender gaps in employment, pay and pensions

A key priority is to close the gender gaps in the UK and Europe in employment, pay and pensions, and to implement the Agreed Conclusions of the United Nations Conference on the Status of Women 61st Session (March 2017). A Eurofound Study in October 2016 estimated that the gender employment gap costs the European economy 370 billion Euros per year – equivalent of 2.8 per cent of GDP. The average gender pay gaps in the UK and EU are 18.1 per cent and 16.7 per cent respectively, and in the EU no country has closed this gap. Even in countries where the gap has narrowed, research indicates, this is in sectors where men's wages have fallen. In 1957, the six founding countries of the European Union made reference to equal pay for men and women to prevent women being used as a source of cheap labour and to prevent social dumping in Europe. Yet as we have seen,

60 years later the Gender Pay Gap persists, and in all countries. On current trend, it will not be closed in the EU for another 70 years or in the UK for another 46 years. The average Gender Pensions Gap in Europe is 30 per cent, as in the UK; in Germany it is 40 per cent. Working longer is not a solution. Women would have to work until they are aged 90 to close the gap.

In 2015, 14 European Member States had Country Specific Recommendations from the European Commission to address pension deficits but none – not one – mentioned the gender component of this deficit. Trade unions have to keep pensions on the agenda and ensure that women in retirement do not live in poverty relative to men.

Commenting on his independent review of pensions (2017), John Cridland indicates that it would be unfair for women and particularly this generation of women, to bear the costs and burden of retiring beyond the age of 68. It is already a huge injustice that women are working until 68 to get their state pension. Many are on zero hour contracts in temporary and insecure jobs and are unable to save for a pension. Older women are among the hardest hit. We need to ensure that the Gender Pensions Gap is made visible, that the Government takes action to deliver fair transitional arrangements and that the gap is included – transparently –

## UK austerity and pensions inequality

UNISON-commissioned research from the Labour Research Department on the impact of austerity and public service cuts for women aged over 50 in employment has found that women are the backbone of Britain's public services: they make up over two-thirds of the workforce.

- Over 2.6 million women have been adversely impacted by the state pension age changes.
- From childcare to caring, from nurseries to nursing, women are the main providers of these services. They are also the main users of public services and rely most heavily on them.
- Over 50 per cent of women workers aged 60-64, who had expected to retire by now, are having to continue working beyond age 65 (including many affected by the increase in state pension age to 68).

Many women, including UNISON members will be subjected to the indignity of relying on means-tested benefits and pension credits. UNISON is at the forefront in campaigning for fair transitional arrangements and is supporting the Women Against State Pension Inequality campaign.

in government accounting. Off-book accounting hides the misdeeds done to women in society. We need to demand comprehensive and robust Gender Equality Impact Assessments and monitor the gender-impact of all government policies.

Women's contribution to the economy and economic growth is undervalued, underestimated and under-reported. The paucity of data and an unwillingness to collect gender specific data in areas of economic and social policy hinders equal progress of women relative to men in the UK, and across the world. Indeed, if you read all the economic forecasts and figures – you would be forgiven for thinking women are a cost to the economy and society rather than an asset. What is measured is what counts in society.

## The care economy

A key example is women's contribution to the care economy. The health, social care and child care infrastructure is in the main delivered and powered by women. Global and European trade unions are calling for investment in the care economy and infrastructure. This should be based on the same model as investing in capital infrastructure like roads, rails and transport: the care economy should be viewed as capital rather than current expenditure in national accounts.

One source of public investment in public services and the public care economy has to be effective action against tax fraud and corruption, another is to put in place

progressive national and international tax systems. To ensure that no one is left behind, a different approach to social care is needed in the UK and in particular a National Child Care Strategy.

EU countries including Denmark and Germany offer superior models of publicly funded child and social care that provide decent pay, training and a career structure: all lacking in the UK. In Canada, the new government is considering adopting the best European practice.

## Equality in positions of power

Progress toward equal (50:50) representation for women and girls in all spheres of life needs to be accelerated. The UN Sustainable Development Goals are important but they are not guarantees, and 2030 is far too long for women to wait for equality and justice. Equal representation should apply in all sectors: to redress occupational segregation in the labour market – vertical and horizontal; to break the glass-ceiling and glass walls.

We need mechanisms that will propel women and girls into positions of power and decision-making, for example in science, technology, engineering and mathematics. Norway's introduction of legally mandated gender quotas for directorships of listed companies (a decade ago), has now been extended to Belgium, Iceland, The Netherlands, Italy and Germany. The voluntary approach is out-dated and has failed women.

Gender deficits undermine democracy, hold back social and economic progress and women's economic empowerment.

Finally, industrial strategy must take account of the developing world where more than 300 million people are employed within global supply chains - 44% of them women. Today's global supply chains are characterised by exploitation and precarious work.

Unions believe that universal access to quality education, safe water, public care and health systems and to decent work are important pathways out of poverty; they build women's economic independence and enable women and girls to benefit from their economic contribution to society.

Privatisation has failed. It has impoverished women and girls' access to decent work, equal pay and pensions. Public-public partnerships and public-community partnerships are ways of ensuring that essential services remain in public hands.

**Gloria Mills**

*Unison*

*Unions believe that universal access to quality education, safe water, public care and health systems and to decent work are important pathways out of poverty; they build women's economic independence and enable women and girls to benefit from their economic contribution to society.*

# The Challenges for Women-Owned Start-Ups

The UK's labour market is changing. Britons are embracing a number of different careers throughout their working lives and with self-employment now accounting for 15% of the labour force. There has been huge growth in the number of people looking to strike out on their own.

The growth in self-employment, including a significant rise among women, is positive news. Small business ownership is a rewarding career. Unfortunately, we have not seen the same growth in the number of firms that are majority women-owned: they account for just a fifth of businesses in the UK, as compared with a third of businesses in the US, for example.

Recent FSB research found that 2.7 million women in the UK want to open a business. If we were to harness this untapped potential it could potentially lead to an extra 340,000 businesses, supporting 425,000 new jobs and adding £10.1 billion to the economy. That is quite a prize and one worth fighting for.

So, what is holding back the 2.7 million? Many of the challenges are common to all start-ups. But our research has shown there are also several persistent barriers that stop women from launching businesses at the same rate as their male counterparts.

We found a need for a wider and more representative range of female role models and mentors; also a need for improved access to alternative finance. More tailored business support should address these and other specific barriers faced by women.

The biggest challenge for women-run start-ups, cited by over 40 per cent of our female members, is balancing work and family life. Women continue to be more likely to cite 'personal reasons' when closing down their business, while men are more likely to report 'business failure'. It is not a coincidence that the closure rate of women-owned businesses peaks at ages 25 -34: women still carry out the majority of caring responsibilities. As our population changes, more and more women are sandwiched between childcare and caring for elderly relatives. Improved childcare and parental policies must be looked at to ensure there is equality for women in business.

It is a positive step forward that the Government is looking to review parental benefits and the disparity that currently exists between employees and the self-employed. For men and women alike, the financial implications of taking time off to start a family can be a real challenge. Particularly so for those running a small business, with self-employed fathers not receiving any entitlements to

paternity leave and self-employed mothers having access to a less generous Maternity Allowance.

There are plenty of benefits to being your own boss but it also presents a number of challenges. For many, not being sure how much you are going to earn each month, or the risk of being unable to work through serious illness or other sudden life event, is a real concern. And the stakes are particularly high for those on the lowest incomes.

The introduction of Universal Credit could exacerbate some of these challenges, particularly for those who see the most variation in their income. The practice of basing expected income on a monthly (rather than annual or quarterly) basis should be reviewed, to ensure we are adequately supporting business owners. Women-led businesses are under-represented among the fastest growing firms and, on average, they tend to operate newer businesses that have lower annual turnover and employment levels. In part, this is a reflection of these businesses being more highly concentrated in health and social work and community, social and personal services.

Improving careers advice and education is essential to addressing this pattern, promoting

entrepreneurship and diversifying the career routes that women take. By promoting alternative business sectors to women at an early age – and celebrating positive female role models within these sectors – there should be a slow cultural shift away from the idea of ‘male-only’ sectors.

If women set up businesses at the same rate as men, there would be a huge boost to growth and prosperity in the UK. Understanding the importance of diversity and getting more women into business is central to achieving a

vibrant and innovative small business sector. All policy makers need to recognise the unique challenges women business

*If women set up businesses at the same rate as men, there would be a huge boost to growth and prosperity in the UK.*

owners face and actively seek ways to support them. By showing leadership and a true understanding of these issues, both Government and the opposition have the opportunity to prove they back small businesses and the self-employed.

**Ruby Peacock**

*Federation of Small Businesses*

# Our Older Workforce and the “Missing Million”

Work provides purpose, dignity, and at its best, opportunities for learning and creativity. Good work is good for your health. For many of us, it is our identity, our chance to make a contribution. For me there is no utopia in endless leisure time, or massive gaps between the super-rich and the rest. Feminists have campaigned for decades for fair access to work.

Our task remains to create a labour market with a role, purpose, place for everyone. But from debates about a basic income, to piles of articles about the robots taking over, the future of work and its role in our lives is in doubt. The next battle is tackling ageism – in the Fourth Industrial Revolution, we cannot let older workers be written off.

Women’s demands for fair pay, and the battle to tackle gender segregation, are important because of the esteem and status, as well as money, that comes with employment. Of course we should also value the childcare and housework that has traditionally been done by women. But one of my concerns about the basic income debate is its similarity to the “family wage” demand of early trade unionism, which was in part about keeping women at home, and out of the workplace.

We need solutions that give women and men the space to balance home and care. A basic income will not tackle inequality, if only some are able to earn above and beyond it.

Business is a force for good in this debate. The best businesses have a clear sense of purpose. A function they exist to fulfil, objectives on which they can be held to account. It is remarkable that in the recession and economic slowdown we have seen since 2008, unemployment has remained low.

*Employers have perhaps  
chosen to hold on to the  
knowledge and skills of  
the people they value.  
Older people, however,  
are not valued.*

The average age of labour market exit in the UK is lower now than it was in 1951. Business in the Community’s research with International Longevity Centre (ILC-UK) identified a million people in the UK aged 50-65 who are out of work and who would like a job.

The findings were also that local authority areas with high employment rates for older people had higher employment rates for young people too, and vice versa: older people out of work are one indicator of local labour market issues. They do not crowd out young people.

We also now know that for workers over 50, pay declines. Lower average pay for this age-group holds even when we consider full-time jobs in isolation.

British Social Attitudes survey tells us that older people are feeling greater insecurity in work.

**77% of workers aged 18-34 felt they had job security, compared to 53% of people aged 55-64.**

This is new – ten years ago, the numbers were much closer.

This increased sense of insecurity also maps into occupation type. 60% of people in routine and semi-routine occupations feel secure in work, down 11% from ten years ago.

Compared to 67% of those in a professional and managerial role, up 2% from 2005.

In a knowledge economy, older workers are particularly at risk. The recent expansion of higher education means that in the 18-39 age group, 30% have a degree. 26% of 40-59 year

olds have degrees, but only 15% of those aged 60 or over – although the percentage for that age group has increased from 5% in 1984.

**In an economy where knowledge skills are ever more important, older workers are vulnerable.**

To create an economy that works in all our interests – women and men, north and south, all devolved regions and nations – we need to stop writing people off at age 50. In my day job at Business in the Community I recently launched a One Million More target, for business to employ an extra one million older workers by 2022. We need a step change in how business values older workers. In an economy fit for the future, as we all live longer, we must be able to work for as long as we want or need to.

**Rachael Saunders**

*Business in the Community*



# Employment, Pay and Workplace Rights: How do we avoid Brexit being used as an excuse?

It is an understatement to say that we are living through interesting times. There is a sense of instability in politics and in our everyday lives, a pivotal moment being the EU referendum result of summer 2016. I voted to remain. As a London Assembly Member, I am proud that London welcomes diversity, and remains open to business and the benefits that the European Union (EU) has brought us. However, we now need to focus on the challenge ahead and push for the best possible deal.

The Prime Minister stated in her Industrial Strategy Green Paper that the government's "Plan for Britain is not just a plan to leave the EU, but a plan to shape a new future for the kind of country we will be when we have left. It is a plan to build a stronger, fairer Britain that works for everyone, not just the privileged few."

In so using Labour rhetoric to express her intentions, May appears to be speaking to the centre ground. However, we need to guard against Brexit being used as an excuse for not making progress and instead argue for it as a point at which we demand a better economic model. The existing economic model has changed rapidly over the past few years and it is set to transform further. We have seen a rise in the so-called "sharing" or gig economy and

self-employment, both associated with low-pay.

Automation is no longer creeping up on us; it is here, and set to leave the UK workforce increasingly trailing behind with a skills base that cannot keep pace. Soon driverless cars may be the norm and many existing jobs in our economy will no longer exist.

A reimagined economic model would plan for these risks and opportunities, not leave them to chance. It would be a model that benefits workers and not just the employers. This means real protections for workers; flexible, affordable childcare; and wages that people can actually live on.

The Government is failing to ensure we have the resources fit for a 21st century economy. Despite the focus on apprenticeships since 2010, we still do not have the skills that a future economy requires. The gap will only widen if May pursues a "hard Brexit" which prevents Europe's nurses, social care workers and entrepreneurial self-starters from filling the vacancies that we have.

Further, according to charity Timewise, almost two million people are either locked out of work or stuck in low paid jobs for which they are overqualified due to lack of flexible

working arrangements. For those people with caring responsibilities, or health or age related needs, a quality part-time job is often the difference between living in or out of poverty. The cost of childcare is a struggle for most, and particularly in London where it is a third higher than the UK average.

Around one in five employees (18 percent) in London are on low pay, mirroring the national picture. Harder still for self-employed Londoners, two-thirds earn less than the equivalent of a

full-time employee on the London Living Wage (LLW), currently at £9.75 an hour.

Theresa May wants to see higher wages

yet presides over a National Living Wage of £7.50 per hour that you cannot actually live on. If you are under 25 or an apprentice, you are looking at between £3.50 and £7.05 an hour.

It is important to recognise the advances in workers' rights that the EU has brought us. The 1993 Working Time Directive gave two million workers a minimum of 20 days' paid annual holiday for the first time; the Pregnancy Workers' Directive improved protections for expectant and new mothers; the EU Framework Equal Treatment Directive 2000 extended anti-discrimination rights to be considered on the grounds of age, religion or

religion or belief and sexual orientation; and the Health and Safety Framework Directive established obligations on the part of employers to evaluate, avoid and reduce workplace risks. A "hard Brexit" will remove this minimum floor for workers' rights, as well as jeopardising clarity of understanding among concerned employers, and consistency of application. In the long term, we could see Britain trailing behind Europe in this area.

The Prime Minister has a mantra of looking after those who are "just about managing" but

her "hard Brexit" economy is only set to increase the cost of living: by pushing up prices of food and materials, and imposing

further bureaucracy on businesses wishing to trade with Europe.

It is not the will of the people to lose jobs or workers' rights. Our focus should be on ensuring the Prime Minister does not use Brexit as an excuse to turn the clock back: instead we should be ramping up efforts to reimagine the future economy so it that works for everyone.

**Fiona Twycross**

*London Assembly*

*It is not the will of the people to lose jobs or workers' rights.*

# Can Citizen Engagement create a more Inclusive Economy?

In recent years, Western economies have been hard hit by globalisation and stagnating wages. Whilst some of these countries have performed well on GDP growth, they have struggled to distribute the benefits of that growth, that is, to translate it into improved wellbeing across society. Income inequalities continue to stand in the way of positive socio-economic outcomes. In response to these failures the RSA has led the way in a dialogue about a more inclusive economy, looking beyond the metric of GDP to what lies beneath. We define inclusive growth as “enabling as many people as possible to contribute to and benefit from growth.”

This combination of contribution and benefit is the crucial change from traditional growth strategies which separate the task of increasing the size of the pie from questions about how to divide it. That old approach can leave huge untapped potential in communities who find themselves unable to contribute to wealth creation. The inclusive growth agenda is gaining significant traction and support internationally, with the OECD framing it as “economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”

## Inclusive growth: citizen contribution and citizen benefit

The RSA’s Inclusive Growth Commission has recommended, amongst other measures, that the UK government should commission an assessment of the social infrastructure gap; report inclusive growth as a regular, official statistic through the publication of a quarterly national measure of inclusive growth, alongside GDP; and undertake an annual assessment of the UK’s progress towards an inclusive economy.

The RSA’s Citizens’ Economic Council, meanwhile, is a programme of work showcasing the role of citizens in building and articulating their vision for an inclusive economy. The manner and form in which citizens are engaged is integral to inclusive growth – driven not simply by policymakers, but also by an appetite and desire in society and in our communities to realise this change. The Council is a demographically diverse group of 50 citizens in London and Manchester who have convened over a six day period to engage with the economy as a whole system. Through an Economic Inclusion Roadshow, we have also undertaken fieldwork across a range of ‘left-behind’ groups and communities across the UK. This confirmed for us the scale of

disempowerment experienced by many citizens on low incomes, their disaffection with the political process – and the importance of addressing this through the creation of a more inclusive economy.

## Innovation in citizen engagement

In 2016-2017 the RSA gathered best practices from across the USA, Latin America and Europe that support more inclusive growth through public engagement. The most well-evidenced example is that of participatory budgeting in Porto Alegre, Brazil. According to a World Bank study, more public homes were built as a result of the initiative, sheltering 15 times as many people as before; four times as many schools were built; and nearly all households were connected to water and sanitation, where before only 1 in 4 had been previously. Here we see some evidence of the potential for good citizen engagement to strengthen inclusive growth, addressing poverty and social exclusion.

A forthcoming report on Citizen Engagement and Inclusive Growth presents case studies from Helsinki, Barcelona, Boston and Seattle which are looking beyond fiscal and productivity measures, and toward more human-centred indicators such as happiness, hope and wellbeing. The emerging direction of travel is toward more agile and open approaches to economic development, harnessing the social and economic capital of a place – its people – in shaping and delivering policies which directly meet their needs. But participation can have a dark side. It can be hijacked by vested interests and

misrepresented; it can demand more of people than they can give; it can be poorly resourced for the task of policymaking, or otherwise politically constrained. We take a normative position: good participation properly takes into account and hears diverse views, values and perspectives of citizens – and so holds potential for more inclusive growth. But poor participation – where the will to do this is blocked by institutional barriers, or absent from the start, can have the opposite effect. That kind of initiative erodes the public trust and democratic legitimacy its champions may have previously enjoyed. So gaining a more robust understanding of the barriers and enabling conditions is an endeavour worth undertaking.

The evidence we have gathered suggests but does not conclusively establish that good participation does indeed lead to inclusive growth. Even good citizen engagement processes are often a poorly embedded once-off – making it challenging to assess their longer-term significance. For us to better understand the contribution citizen engagement can make to inclusive economies, we need a deeper cultural shift in the way we do policymaking. We need to create the conditions in which it is safer to take risks, to innovate and to experiment. We need to ensure that such initiatives have the kind of resources, time and capacity to support greater innovation and learning. These are precisely the issues that future work from the RSA in this space will seek to highlight and to address.

**Reema Patel**

*Citizens Engagement Council, the RSA*

# Conclusion:

## Britain's New Economic Future?

As Britain leaves a period of two referendums, two general elections and the introduction and election of regional mayors (not to mention a seemingly endless series of leadership contests), a break from constant electioneering may finally represent a chance to give real thought to Britain's future. The economy dominates headlines throughout campaign periods, yet it tends to come in small soundbites and in the last election was rarely elevated beyond claim and counter-claim about the costings of individual policies. Whatever comes for Britain over the next five, ten, fifteen years- we can certainly look at recent election results and conclude that if our current economic model is working, it's not working for everyone.

Government U-turns are already becoming more frequent as we move through the first weeks of a minority government. Whilst the role of opposition always has the potential to create change, the current parliamentary situation means that change has never seemed so tangible. There is hope that the next years could bring real cross-party cooperation, especially in the face of Brexit and the challenges- and opportunities- that will bring. The implications of Brexit aside, our economy has changed over the past few years – and will continue to do so – into an altogether less rigid structure. Its fluidity means the freedom of more flexible working or of self-employment

for some, but for many on low pay it means exploitation and insecurity. (Even with change, some things remain constant).

The rise of the 'gig economy', the encroaching 'fourth industrial revolution', the digitization of the work force – these are challenges that frankly, have been kicked into the long grass as parties and campaigns vie for victory. It remains true that progressives cannot succeed unless they 'own the future'; that is, unless they can articulate a vision for Britain that is brighter and better than what has come before it. Despite talk of Brexit taking us back, there is no denying that economic change will continue, driven by social change, globalisation and above all by technological advances, with or without political input.

With no small irony, the sort of working practices that come with the new 'gig economy' culture – flexible working, part time contracts, working from home – are the kind of working practices that women have campaigned for for years. The kind of working practices that make issues such as childcare, lack of part-time promotion, late night meetings – seem like old fashioned issues of the past. However, the gender balance among the self-employed still tips heavily towards men, even as the freelance workforce booms in the UK. The start-up culture and tech industries are

overwhelmingly male, and the gender pay gap persists. So it is not as if we do not have to fight to shape economic change in a progressive, feminist direction. I repeat: even with change, some things remain constant.

In the meantime, traditional issues of employer exploitation, low pay and unreliable income still persist. Trade unions have as much of a responsibility as politicians to recognize these challenges, to develop policy recommendations and legal structures that anticipate and

prevent mistreatment, and to find new ways of getting women and insecure, predominantly private-sector workers into

unions. To reimagine the existing economic model is not to abandon the victories for workers that have been won in the past, or to surrender to a soulless digital economy. It is to ensure that new challenges are met head on; that questions of decent pay, dignity of work and gender equality are still at the top of the agenda and that these causes are adapted to a new context.

It is that we capitalize on the opportunities and address the challenges a modern economy brings. This includes bringing to the fore issues that have long been neglected in the current economic model, such as social care, quality of life and in-work poverty.

Not since the first industrial revolution has the economic landscape been so malleable, and never have women played such a huge part in public life, nor had so much opportunity to shape it. An economy forged by all must surely work for all. We can only hope that Britain rises to the challenges ahead to form a future that is indeed, brighter and better than what came before.

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