

FABIAN REVIEW

The quarterly magazine of the Fabian Society

Winter 2014 / fabians.org.uk / £4.95

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*The big questions the election campaign won't answer. Martin O'Neill,
Charles Clarke, Zoe Williams, Philip Collins, Sonia Sodha and Ann Pettifor talk tax **p6** /
John McTernan on why foreign policy is missing in action **p13** / Fergus Green says Labour
can create a green golden age **p14** / Yvette Cooper talks to Mary Riddell **p18***

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FABIAN REVIEW

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**FABIAN
SOCIETY**

FABIAN REVIEW

Fabian Review is the quarterly journal of the Fabian Society. Like all publications of the Fabian Society, it represents not the collective view of the Society, but only the views of the individual writers. The responsibility of the Society is limited to approving its publications as worthy of consideration within the Labour movement.

Editor, Ed Wallis
Assistant Editor, Anya Pearson
Cover illustration © Kenn Goodall / bykenn.com
Printed by DG3, London E14 9TE
Designed by Soapbox, www.soapbox.co.uk

ISSN 1356 1812
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An election of small differences

Campaign politics will obscure big debates about our long-term challenges,
writes *Andrew Harrop*

ED MILIBAND IS willing, ready and able to be a radical prime minister, who delivers a fairer, more sustainable model for Britain's economy. But, perhaps inevitably, the election campaign he will fight will not reflect this. Just like last time, 2015 is set to be a campaign of small differences.

Both parties are nervous. Labour is intent on hugging close to the coalition on matters fiscal, for fear of being smashed by Tory claims of unfunded promises and 'tax bombshells'. The Conservatives are so keen to neutralise Labour's advantage on the NHS that they used the autumn statement to match Ed Miliband's promise of extra cash. Each party fears UKIP and has promised a crack-down on benefits for migrants, but both have drawn back from a pledge on free movement which would lead inevitably towards Brexit. And with a recovery defined by high employment but low pay, both Labour and Conservatives offer a higher minimum wage, but neither will set it at a rate that would make serious inroads into poverty pay.

Beyond these skirmishes, however, there are huge policy choices facing Britain which will get barely any attention at all.

On public spending, there is far more to choose between the parties than is often recognised and the left does offer an alternative. Ed Balls' spending plans are hiding in plain sight. The fiscal rules he announced at the 2014 Fabian Annual Conference mean he can spend far more than George Osborne currently plans – or rather, cut far less. But there is silence too on how money should be allocated. The UK is sleepwalking towards a welfare state dedicated only to the health service and pensions, but no one is talking about how investment in children, economic growth and working-age social security is under threat.

The doorstep worldview of an election campaign will see many such long-term challenges sidelined. Take global warming, for example: 2015 may be the most important year for our climate since the Kyoto agreement, with the Paris conference in December set to bring China and the US into a global framework on greenhouse gas reduction. But will the choices for the EU and Britain on climate change feature at all in the debate this May?

And on tax, though the debate seems deafening, it masks a gaping void. The Tories will try to make this a tax election, juxtaposing the threat of Labour increases against Cameron's implausible pledge of a £7bn income tax cut. Labour will too, by presenting the 50p rate and the mansion tax as a sign that only Labour will share the burden of austerity fairly.

But neither party will admit that Britain needs a fundamental reckoning on the nature of our tax system. This is not just about whether austerity can plausibly and fairly be completed without further tax rises. It is about the long-term choices Britain faces. We need to talk about how much we want to tax, to meet rising aspirations for public services and improve the living standards of low and middle income families. And we need to talk about how to tax, because our system is unfair, inefficient, overly complex and it incentivises bad choices.

15 years after the Fabian Society's Commission on Taxation and Citizenship we need a new debate on tax. But don't hold your breath. There's an election on. **F**

The People's Party: 2015 and beyond

Ed Miliband will lead the Fabian New Year Conference 2015, Saturday 17 January at the Institute of Education, London. Book tickets at www.fabians.org.uk

Shortcuts



WHAT'S THE STORY?

20 years on, how should the left remember the culture and politics of Cool Britannia?—*Alwyn W Turner*

20 years ago, as 1994 drew to a close, British music critics engaged in their familiar ritual of drawing up lists of the best albums of the year. Rivalling each other for the top slot were Oasis and Blur, with Suede and the Manic Street Preachers not far behind; for the first time in a very long while, it seemed that British rock music was rediscovering its swagger and ambition. The expression 'Cool Britannia' had not yet been coined, but this was the first real sign of a renaissance in popular culture. Over the next couple of years, the excitement generated by artists, chefs and comedians, and British enthusiasm for food, films and football, led some to believe that we might be seeing a return to the fabled days of the Swinging Sixties, when Britain was (briefly) the cultural capital of the world.

For the country's luckiest politician of modern times, the timing was impeccable. Earlier in 1994, following the death of John Smith, Tony Blair had been crowned leader of the Labour party. And like his 1960s predecessor, Harold Wilson – similarly catapulted to the leadership after Hugh Gaitskell's death – Blair made great play of his comparative youth, allying himself to the new times. "I am part of the rock and roll generation," he announced. "The Beatles, colour TV: that's the generation I come from." Over the next two years, Blair rode the cultural moment, posing for photo opportunities with a Fender Stratocaster and seldom absent from awards ceremonies.

Little of that appeared in Blair's memoirs, his enthusiasm having waned as the pop cultural elite turned on him. Nonetheless Cool Britannia played its part in New Labour's achievements. There was an instinctive anti-Toryism, of course, left over

from a feeling of marginalisation during the Thatcherite 1980s. There was also – thanks to the veneration of Swinging London – an embrace of symbols of continuity and patriotism that chimed with Labour's new image. "We have reclaimed the flag," declared Peter Mandelson in 1998, though Labour was pre-dated by Geri Halliwell's Union Jack dress and Noel Gallagher's guitar at Knebworth.

There were some who detected in this a parochialism that spoke of suburbia, the greatest taboo of post-war culture. But the traditionalist style also had a modernising agenda that brought identity politics to a mass audience.

The clearest example came with gay rights, the battleground on which the Conservative government had sought to reverse the liberalising gains of the 1960s. At a time when section 28 was still on the statute books, the values of the 'loony left' infiltrated the mainstream. Gay and lesbian characters appeared in films like *The Full Monty* and *Four Weddings and a Funeral*, and in TV shows including *Emmerdale*, *Brookside* and *The Bill*. Meanwhile Julian Clary and Lily Savage were subverting the old strand of camp comedy. For the first time, mass entertainment was presenting homosexuality not as a 'problem', but as part of the everyday reality of Britain.

Blairite caution ensured that there was no mention of sexual minorities in Labour's 1997 manifesto, but after the election cultural pressure helped ensure both the repeal of section 28 and the equalising of the age of consent. Further progress was made when *Coronation Street* ran a storyline in 1999 about a transgender character being unable to marry; the law was swiftly changed.

By this point Cool Britannia was dead. And long before that, its endorsement of New Labour had ended: in early-1998 the *NME* ran a front-cover with Blair's picture under the headline: Betrayed.

So is there anything that can be learnt from the experience of Cool Britannia that might help in today's Britain? It's hard to see it. The mood of optimism, hope and change was the result of two factors: the conscious move of alternative culture into the mainstream, and the start of a long financial boom. Those conditions are no longer apparent.

But the inclusive agenda of Cool Britannia went further than simply elevating Damon Albarn, Danny Boyle and Damien Hirst to stardom. It can also be seen in the inherently democratising nature of the National Lottery, the video diary, the docu-soap and, above all, the internet – all of which continue to shape the cultural mood today. Reality television, phone-voting on talent shows, social media – the continuing trend this century has been towards the everyday, the celebration of normality. It has not, however, proved fruitful ground for the generation of politicians who emerged at the same time, and who are seen as a remote, professional clique, sustained by the legacy media.

"It may be that the era of pure representative democracy is coming slowly to an end," reflected Peter Mandelson in a 1998 speech, arguing that in the future, representative institutions would be "complemented by more direct forms of popular involvement, from the internet to referenda." While little progress has been made, Mandelson did identify a deeper structural issue to which politics has yet to find an answer. ■

Alwyn W Turner is the author of A Classless Society: Britain in the 1990s, published by Aurum Press



A QUIET REVOLUTION

The public fiercely resists change to the NHS, but new research reveals how to make a compelling case for innovation—*Lucy Bush and Deborah Mattinson*

All three main party leaders put the NHS at the heart of their conference speeches this autumn. This was no coincidence – a recent poll revealed it to be to be the issue at the

top of most voters' mind when considering how they'll vote next year, and the NHS remains unique amongst British institutions as an object of affection.

In recent years though a consensus has developed within much of the 'health sector'. A stronger focus on providing care for people at home, through GP and community based health and care services, would both address many of the challenges the NHS and social care systems in the UK currently face, and also lead to better outcomes for patients and service users. There is also agreement that greater investment is needed as demands rise, especially from an ageing population.

However, the public fiercely resists change, especially if it entails closing a much loved local hospital, resulting in a stasis within an increasingly risk averse political establishment. Against this backdrop, members of the Richmond Group of health charities commissioned BritainThinks to conduct qualitative research to understand how best to make the case for change.

We ran focus groups representing a spread of socio-economic groups exploring spontaneous views on the health and social care systems. We also tested alternative expressions of the case for change. Our research revealed how much the public's views differ from the health community on this topic. Understanding this is crucial for anyone wishing to bring the public on-side with change in the NHS.

The first key difference is that people do not perceive a 'crisis' in the NHS. In the early 2000's, ahead of Gordon Brown's national insurance rise, it was widely believed that the NHS was on the brink of total and irreversible collapse. Today, whilst experience of healthcare services and anecdotal evidence clearly suggests that the NHS is under strain, the problems the public see are not identified as symptoms of systemic failure. Talk therefore of a 'crisis' and the subsequent need for 'urgent change' in the system often fails to either engage or convince.

Secondly, unlike those in the health sector, the general public lacks interest in the system or the processes that underlie service delivery. Instead they are preoccupied with what the NHS is able to deliver to them personally. We asked participants to draw their own diagram of 'the healthcare system'. The result was a simple, 'me-centred' perception of the NHS, showing a patient's journey from doctor or hospital, through treatment to aftercare.

Thirdly, the public's views on the types of pressure that the NHS is under are a further point of departure with the health community. Any appreciation of the rising cost of health and social care is largely absent.

Rather, there is a deeply ingrained belief that all of the problems in the NHS can be attributed to two things: endemic waste and inefficiency; and large numbers of people currently 'taking' from the system who have not contributed to it.

Finally, when presented with alternatives for service delivery, people, while broadly accepting of arguments like prevention not cure, saw the propositions as common sense solutions rather than examples of innovative or radical change. Even the groundbreaking reconfiguration of stroke services in London was seen solely as an exercise in improving *efficiency* in the system.

This research has four clear implications for how politicians should talk about the NHS to make a compelling case for change. Any successful narrative should position such change, first, as *evolution not revolution*, rather than a radical change that is in response to a crisis. Second, it should be *an opportunity to improve services for patients*, rather than as primarily a cost-saving exercise. Third, it must be seen as a '*common sense*' response, rather than an ideological vision. And fourth, change should be understood as *a response to a growing ageing population and increase in long term conditions*.

It will also be vital to avoid creating the sense that 'change' means a reduction in the provision of NHS services. The general public are particularly sensitive to losing the NHS touch-points that they see as vital to their accessing the service: GP surgeries and A&E departments. As Caroline Abrahams, Age UK Charity Director, who commissioned the research on behalf of the Richmond Group said, "the angst among policymakers about how to communicate the need for change in the NHS largely misses the point – the public expects the NHS to evolve in response to changing needs and will support you getting on with it. But clearly, you close the local A and E at your peril! It seems however that you can change much else that happens behind the hospital front door without undue public alarm."

This work is just a start – there is much more to be done – for example, gaining a better understanding of how best to communicate community-based care – but it highlights the gulf in perceptions held by the health community and by the general public. Only by really understanding where the public are, and reflecting this in communications, can we hope to take them with us as we make the case for change. **F**

*Lucy Bush is an associate director at BritainThinks
Deborah Mattinson is founder director
of BritainThinks*



CLOSE TO HOME

Working with communities to counter extremism—*Hazel Blears*

We have all seen the horrific consequences of extremist ideology here in the UK. We were appalled by the 7/7 London bombings and the murder of trooper Lee Rigby, and our hearts went out to these innocent victims and their families and friends.

Yet there is a real danger we could face more acts of terror here on the back of the conflict in Syria and the rise of Islamic State (IS). The International Centre for the Study of Radicalisation and Political Violence (ICSR) at King's College has estimated that at least 500 people from the UK have already travelled to fight in Syria.

While we can hope that some will realise the error of their ways once confronted with the appalling reality of IS, others may return to the UK further radicalised and trained to cause harm here. The ICSR estimates that 250 people have returned already and one academic study has indicated that one in nine of them could become terrorists here.

Even if we are able to identify them all, there is then a decision to make in each case about whether criminal charges can be brought successfully and/or whether individuals should be targeted for rehabilitation and support. This is all hugely resource intensive and, while it is essential to our national security, in the longer term we must deploy resources at an early stage to get to the root cause of this flow of men and women to Syria, many of them young people.

That means working closely within communities to tackle the reasons these people become disaffected and susceptible to radicalisation. We have had the Prevent programme in place for more than a decade now but over the last few years I've been disappointed that it has focussed upon people already on the brink of becoming extremists. Early intervention should be more important now than ever.

My other concern is that Prevent has effectively become a Home Office scheme, with the Department for Communities and Local Government no longer playing an active role in the programme. This is troubling

as Prevent is much more powerful when it is driven from within local communities rather than by central government. Councils have those vital links through their own staff in areas ranging from housing and social work to youth workers and teachers. But they also have important connections on the ground with the likes of mosques, community associations and colleges and universities. We need this local knowledge to deliver the programme in a sensitive and effective way.

Parts of Prevent like the Channel programme, which is focused upon intensive one-to-one mentoring to challenge extremist views, have been really effective. But we need to make sure we reach all parts of the community. These include Muslim women, who are often hugely influential members of a family unit and may be the first to spot signs of radicalisation, as well as young people. We need to give both the status and a platform to express their ideas about the challenges facing them in their efforts to integrate and fulfil their ambitions in modern British society.

The role of education in schools and madrassas is also vital. To ensure the true message of Islam is promoted – that it is a religion of love and peace – there should be appropriate regulation of the madrasa curriculum and those who teach it. Teachers and imams should be properly qualified and able to teach in English, and we must also do more to ensure all children are taught about different faiths.

I believe it is wrong for government to sponsor a particular interpretation of a religion. But I also believe it is vital that the moderate Muslim majority works with respected scholars to counter the messages of extremists and to develop a coherent narrative which is widely accepted as the authentic voice of Islam.

Muslims and people of all faiths united here in Greater Manchester to condemn the murder of Alan Henning. Most of us get along and live together in harmony. Now we must work together to expose the un-Islamic beliefs that led to Alan's death.

That is why the next phase of Prevent must be about engaging and empowering communities, with a stronger focus on good citizenship and understanding of different faiths and cultures. We need to show that Britain is an open, free, tolerant and inclusive democracy in which the beliefs of all law-abiding people are respected. And only by strengthening the ability of communities themselves to challenge the extremists will we be able to overcome this threat to us all. **F**

Hazel Blears is the Labour MP for Salford and Eccles



BREAKING THE CYCLE

Making the case for radical prison reform—*Sara Hyde*

Against a backdrop of persistently high reoffending rates and the current mess being made of a world-respected probation service, steps in the right direction are emerging from the shadow justice team that should break into a confident stride come May.

We have never needed it more. Academics, commentators and prison workers are sounding the alarm about a prison crisis. Under Chris Grayling, the coalition government have slashed frontline prison staff by 41 per cent, closed 18 prisons with no reduction in population and seen a 72 per cent increase in riot squad call outs. Deaths in custody are at a record high, with suicides increasing by 69 per cent in the last year. The scale of the crisis creates an opportunity for Labour to offer something that works.

Like Labour's housebuilding pledge, a well-functioning justice system requires audacious policy and capital outlay initially, to save money and reduce reoffending in the longer term. The shadow justice team need to grasp this nettle and boldly reject calls to lock more people up. Here are some ideas on how to make the case for radical reform to the British public.

First, we should fund alternatives to custody. Rising prison numbers are the result of a *political choice*. Prison numbers doubled between 1993 and 2012, despite the British Crime Survey showing that crime is decreasing. England and Wales have the highest level of imprisonment per capita in western Europe. Yet prison is criminogenic: a traumatising environment in which, for example, men and women with two or more diagnosable mental health problems (over 70 per cent of prisoners) and drug and alcohol addictions (75 per cent) fail to be (re)habilitated. Most are victims before they are perpetrators. Rather than creating active citizens, prison sets people up to fail.

Community sentences are between 7 and 13 per cent more effective, enabling people to live with autonomy, with extra support, to facilitate better choices and to

learn new skills without eroding connections to family and friends.

The British public harbours tough attitudes on criminal justice issues, but there is still support for community sentences. In November 2014, the *Daily Mirror* ran a poll: 'Do you think we should be giving people short prison sentences?' 88 per cent clicked 'No, community sentences are a better option'. And 2012 YouGov polling for the Prison Reform Trust showed that people rated drug rehabilitation, intense community orders and mental health interventions far higher than imprisonment, when asked about crime prevention.

Second, we should be 'tough on the causes of crime'. Our party is built on the battle for equality but the gap is widening between rich and poor under the coalition. Richard Wilkinson and Kate Pickett's book *The Spirit Level* documents that the bigger the gap, the higher the crime rate. Our prisons are full of people from low-income backgrounds, criminalised for their poverty or led into crime because of it. One can choose to commit a crime or not, but we need to acknowledge the context in which those choices are made. Addressing inequality involves education, healthcare, housing, employment and training. If a Labour government addressed inequality head on, research suggests the crime rate would plummet.

Third, we should be relational, not sensationalist. The people in our criminal justice system are just that – people – who may have endured trauma and abuse. They are still part of our society and not in some way 'other'. Labour can demonstrate compassionate leadership by pioneering a relational justice system, prioritising people not profit. Labour should devise prisons that rehabilitate and heal; places capable of creating citizens. There is an appetite for a relational state, for public services that address complex problems holistically, prioritising relationships and quality services over market-based, target driven agendas. Accordingly Labour can confidently set out plans for a justice system that is *patient, persistent* and offers human *presence*. For example, by reversing the staff cuts in prisons so that they are safe and truly restorative places.

Bold Labour policy, more concerned with the reform needed to reduce reoffending than appeasing tabloid headlines, could re-envision justice. Actually reducing reoffending means there will be fewer victims of crime. That is a vote-winner, and the foundation of just justice policy. **F**

Sara Hyde works with women in the criminal justice system

Turning the tide on tax

Fair, efficient and politically palatable:
Martin O'Neill considers how the next government
can raise the revenue we need



Martin O'Neill is senior lecturer in moral and political philosophy, at the University of York. He is on Twitter at @martin_oneill

NOBODY SHOULD BE surprised that the main political parties are currently doing all they can to avoid talking seriously about tax. With the least predictable election in living memory on the horizon, no party wants to give their rivals the opportunity to wheel out the kind of 'tax bombshell' accusations that worked so well for John Major in 1992. But, whatever the short-run tactical demands of the coming election campaign, the next government is going to have to rescue Britain's decrepit, ramshackle tax system.

You wouldn't know it from listening to frontline politicians, but it is obvious that Britain's tax regime requires a radical, root-and-branch overhaul. Sir James Mirrlees, the Nobel Prize-winning economist who chaired a systematic review of the UK tax system in 2011, diagnosed the system of taxation in this country as inefficient, unfair and disorganised. More starkly, and more urgently, with the annual deficit still approaching the £100bn mark, the tax system simply does not raise sufficient revenue to cover even current attenuated levels of government expenditure under austerity. Paul Johnson of the Institute for Fiscal Studies has pointed out that, if a post-2015 government were to stick to the

regressive aim of keeping the 80:20 split between spending cuts and tax rises in closing the deficit, there is an annual tax shortfall of some £6bn in the system. If a Labour or Labour-led government were to aim to do something more humane, with less severe cuts and a brake on austerity, then cutting the deficit would demand even greater increases in taxes.

But if this sounds like doom and gloom, it need not be. For getting serious about raising taxes can save us all money. And creating a more stable and effective tax system can go hand-in-hand with reducing taxes on income for all but the most affluent.

Raising taxes can save us money

The recent Stevens Report on NHS funding argues that, with increasing demand for healthcare services and only limited scope for efficiency gains, there will on current trends be an annual shortfall in NHS funding of more than £20bn per year by the end of the next parliament. Significant rises in taxpayer funding of the NHS will be necessary if it is not to fall back into the kind of disarray last seen under the Tory governments of the 1980s and early 1990s.

If the Stevens Report presents the facts accurately, then consider what the alternative might be to raising NHS funding through the tax system. The alternative is absolutely not that those healthcare needs would somehow disappear, or that those costs would somehow not need to be met. All that it would mean is that meeting our healthcare needs would have to be done through piecemeal private provision, inefficiently and inequitably, instead of meeting those collective costs together.

Rising health-related costs are in many respects a sign of societal success rather than societal failure: it is a matter for celebration that people live longer and it is right and natural that healthcare expenditures will increase as our lifespans extend. If we want to meet these growing costs as efficiently and as fairly as possible, we are well-placed to do so, given our access to the civilizational achievement that is the free-at-the-point-of-use NHS, a health system whose tremendous efficiency is not as widely celebrated as it should be. (A recent report from the Washington-based Commonwealth Fund marks the NHS as the most efficient health system in the world.) If we fail to meet these costs through the tax system, then we instead have to fall back on private alternatives that are both less efficient and deeply corrosive of social justice. US spending on healthcare, at around 18 per cent of GDP, is roughly twice as high as UK spending levels (at around 9 per cent), and yet produces outcomes that are worse for most people (apart from the most wealthy), with infant mortality levels higher than those of Cuba and Belarus, and life expectancy figures worse than those of Costa Rica and Lebanon.

In many cases, reducing the share of our collective income that gets paid in taxes is no saving whatsoever, except perhaps for being a saving for the very richest among us. The relevant baseline for comparison is not some imaginary world in which those expenditures disappear, but the all-too-unappealing world in which collective social provision is increasingly replaced by inferior private provision. Where goods are best provided through the tax system, and where those goods are vital elements of human flourishing and well-being, we should not be remotely reluctant to make the case for raising the taxes to pay for them; kneejerk squeamishness about tax is a poor reason to rush blindly to inferior private-sector provision.

If we recognise that, in general, we are going to have to raise taxes if we want to adequately fund public services, then the specific question becomes which ones should we raise?

Fight inequality while reducing taxes on income

One function of the tax system is to fund collective goods that are best provided outside the market, for reasons of efficiency or fairness or, very frequently, both. Another function of the tax system is to reduce unwelcome levels of inequality. When functioning at its best, a tax system can perform both functions at the same time.

Consider the extraordinary level of income inequality in the UK, with gross incomes (before tax and benefits) of the top fifth of households fifteen times greater than for the poorest fifth. Moreover, income inequality is growing rapidly: if the national minimum wage had kept pace with FTSE 100 CEO salaries since 1999, it would now stand at



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£18.89 per hour instead of £6.50. But the levels of inequality with regard to wealth are even starker than the levels of inequality with regard to income. Office for National Statistics data shows that the wealthiest 10 per cent of UK households own a staggering 44 per cent of total aggregate wealth, with the bottom half of households owning only 10 per cent of total wealth between them. Disturbingly, the richest 1 per cent of households in the UK have as much wealth as the poorest 55 per cent put together. There is a clear lesson to be drawn from these extraordinary levels of inequality: if you want the tax system to raise revenue while addressing the most shocking and egregious dimensions of inequality, there is good reason to support a relative shift from the taxation of income to the taxation of wealth.

One of the most significant of Thomas Piketty's findings, when one thinks about the future of the tax system, also points in the direction of shifting towards the taxation of stocks rather than flows, of capital rather than income. Piketty tells us that the economies of the advanced nations have returned to the default state, from which they departed only during the middle years of the 20th century, where the rate of return to capital is greater than the growth rate of the economy. Consequently, whereas the UK capital stock represented only about twice the national income in the middle of the 20th century, it now stands at five or six times the national income, and continues to rise sharply. If an emphasis on income taxation made sense in the immediate post-war period, when the capital stock was historically low, a switch toward a greater emphasis on capital taxation makes sense now, when the capital stock is historically high (and growing strongly).

Labour's 'mansion tax' proposals are a move in the right direction, in that the policy is about funding vital collective public services through the taxation of the upper tail

of the distribution of housing assets. A further point in the background here is that much of the recent gains in asset prices has been a windfall that has come as a direct consequence of the Bank of England's vast programme of quantitative easing (QE). As the Bank has bought hundreds of billions of pounds of government bonds, driving up their price in the process, it has encouraged the sellers to shift their investments to other assets, like expensive parts of the housing stock. The Bank's own research claims that 40 per cent of the gains in wealth generated by QE went to the richest 5 per cent of people. Those who have seen their houses inflate rapidly in price simply as the result of unconventional monetary policy can have few plausible complaints if some of those windfall gains are reallocated to the provision of collective goods.

But the mansion tax is, at best, a transitional move in the direction of a more comprehensive and unified approach towards the taxation of capital assets in general – covering both capital holdings and the taxation of capital transfers (ie gifts and inheritances). Even just with regard to the taxation of residential property, the mansion tax should simply be a step towards the end goal of an integrated system that overhauls council tax (which is absurdly regressive) and replaces stamp duty (as there's no good reason to tax people on the basis of the frequency with which they move home, rather than taxing people on their property wealth itself). Furthermore, any mansion tax would need to be highly progressive at the top end, with higher bands for the super-rich and ultra-rich, for reasons connected both to revenue raising and the reduction of runaway inequality. Ultimately, we need to become much more serious about taxing in particular the capital gains of those overseas investors who are happy to free ride on the stability and vibrancy of our society and use their investments in London properties as a safe-haven for parking their wealth. Such free-riders need to be made to pay for the benefits that we as a society provide for them.

The attractive side of raising more revenue from capital taxation is that, in the long-run, the pressure can be taken off income taxes. Changing the mix of taxes can allow a progressive government to pursue the dual aims of increasing overall tax revenue while decreasing the taxation of productive economic activity. There is no reason why a tax system that raises much more revenue from the capital holdings of the most wealthy should not at the same time significantly reduce taxes on the incomes of the majority of its citizens. That would be a recipe for a tax system that could win the political support of most members of society.

Care needs to be taken with regard to how income tax rates might be reduced. The coalition government has, at the insistence of the Liberal Democrats, found an almost uniquely bad approach in continually raising the tax-free personal allowance. As numerous distributional analyses show, raising these thresholds is an extremely blunt tool for helping those low in the income distribution. This is because it confers an equal benefit on all basic rate tax payers who earn more than the threshold amount, thereby also giving a double benefit to dual-income households, which tend to be more affluent to begin with. And, of course, it brings no benefit at all to the very worst-off, whose earnings fall below the threshold.

The coalition's approach also creates an invidious distinction between taxpayers and non-taxpayers. As Fabian

Society authors have rightly argued for some time (including Michael Jacobs and his colleagues in *Paying for progress* by the Fabian Commission on Tax and Citizenship, and Tim Horton and James Gregory in *The Solidarity Society*), participation in the tax system is part of what it is to be a citizen, engaged in relationships of reciprocal support and dependence with others. The rhetoric of 'taking people out of taxation' may have an initial simplistic appeal, but it carries an unwelcome sting in its tail. It is much better to make the tax system more progressive through a combination of tiered rates than to create an exclusionary system in which we no longer seem to be tied together in a collective enterprise with our fellow citizens. "In it together" should be a political reality, not an empty slogan.

Conclusion: Tax, Inequality and Predistribution

There is a tale that may seem tempting to social democratic politicians during hard economic times. That tale would tell us that the tax system no longer plays a central role in delivering a more just society, and that social justice can instead be delivered by strategies of 'predistribution' alone. One attraction of this tale is that it allows politicians of the left to avoid the tactical costs of transgressing the taboo of talking seriously about tax. But it is a tall tale, and one by which we should not become bewitched.

Addressing pre-tax inequalities through predistribution is vitally important, but this does not give us a path towards a fairer society that can be followed while ignoring the role of taxation. Some forms of predistribution, from reforming corporate governance to doing government procurement in a smarter way, can indeed be done without much public spending. But such strategies, important as they are, go only so far. Other forms of predistribution, such as increasing state investment in education and training so that more people can fare better within the market economy, themselves require serious public funding. And no matter how much one achieves with predistribution, it will not replace the central role of the state in providing tax-funded public services. Predistribution and tax-and-spend policies are not rivals, but complements; a just society requires both/-and, not either/-or.

We stand at a worrying and precarious time in the development of the British state and the British economy. It is difficult to overestimate how much turns on the 2015 election, and on the performance of the government that is elected at this pivotal time. A government led by Ed Miliband will have a vital set of goals to realise, in protecting our most treasured public services, while making sure that work pays for the many and not just for a disconnected elite. Our economy has undergone a dispiriting decades-long shift away from the interests of productive working people and towards the interests of wealthy *rentiers*; a successful Labour government will have to arrest and then reverse this shift. None of these aims can be achieved without thinking seriously about the future of the UK tax system, and acting with political courage to transform it. ■

Martin's edited book on Taxation and Political Philosophy is forthcoming from Oxford University Press in 2015



TAXING CONDITIONS

People will only be ready to pay tax if they know where the money is going and why, and that it will be well spent, writes *Charles Clarke*

Tax is at the heart of the relationship between the citizen and the state. The fundamental conflicts around John Hampden's trial in 1637 for his refusal to pay King Charles's taxes for ship money, and the Boston Tea Party in 1773, laid the foundations of the modern British and US states.

How ironic, then, that it is so difficult to have a realistic discussion about tax in modern politics. The rise of the radical right, epitomised by the elections of Margaret Thatcher in 1979 and Ronald Reagan in 1981, was fuelled by the fact that the income tax base had grown substantially. Indeed, while there were 3.8 million 'taxpayers' in 1938/9 (as married couples were then considered one 'taxpayer'), this increased to 14.5 million in 1948/9 and then 21.6 million 'taxpayers' (actually 25.9 million individuals) in 1978/9. By 2010/11 the number had reached 31.3 million individuals. Tax had moved from a concern for a small minority of the population to a majority preoccupation and so became a genuine, widespread political issue.

Since that Reagan/Thatcher ideological triumph over 30 years ago, mainstream political parties across the world have usually ducked the challenge of arguing for higher levels of taxation to pay for better quality public services. And those who have tried have generally been defeated. The only, small, exception in the UK was the Blair government's decision in 2002 to raise national insurance by 1 per cent with the promise that the extra revenue would go to the NHS.

We can see the political power of the opposition to any form of increased taxation in a number of the important tax decisions, or more accurately non-decisions, of recent years.

Firstly, both Labour and the Conservatives feared the political consequences of revising the base of council tax, set in 1993, to take account of increased property values. It seems that change

was postponed indefinitely, increasingly distorting the funding of municipal services. It has also led to the absurd proposition of a 'mansion tax', specifically designed for political reasons only to be paid by a very small number.

Secondly, the current system of university tuition fees might well have been replaced by a (in my view inferior) graduate tax. However, the then chancellor believed that New Labour could only pass one tax increase in a parliament, and he thought that the 2002 increase in national insurance was it for 2001–05.

Thirdly, the current incoherence of VAT is a result of pre-election pledges made in the 1990s and subsequently repeated. VAT is paid on digital books and newspapers but not on their hard copies, on food bought in restaurants but not in supermarkets, and so on for no clear rhyme or reason.

These are just three recent examples of the way in which the interrelation between tax and short-term political pressures makes political parties bow to the prevailing anti-tax wind. In general the centre-left, including the Labour party, has failed to rise to the challenge thrown down by the anti-tax right wing.

To do so we need to start from the premise – implicit in the success of the right – that people will only be ready to pay tax if they: know where the money is going and how it is spent; believe that the purpose of the spending is worthwhile; and believe that the money is spent efficiently and is well-managed.

Labour needs to engage wholeheartedly with this agenda to challenge, and then defeat, the anti-tax campaigners who currently dominate the debate, to our national disadvantage.

To do this there are practical reforms Labour can make. To strengthen transparency we need hypothecation of taxation, notably for the NHS. In addition, 'co-payment', where beneficiaries of public spending make an appropriate and socially just contribution to costs, as with university tuition fees and congestion charging, will strengthen the public sense of contribution. However, the Treasury's traditional opposition to such change plays into the hands of the anti-taxation campaigners. And Labour chancellors should not go along with it.

The public needs to support how their tax is spent. So Labour needs to acknowledge that public spending which might easily have gained public support decades ago now needs serious re-evaluation in modern conditions. Issues as diverse as the justice of our current welfare system

Tax forms one of the most important relationships between the citizen and the state. But despite its centrality, our political debates don't always tell the whole story: tax remains the great taboo of British politics.

These articles launch a new Fabian programme on tax reform which will investigate the core principles and purposes of tax. How can the left go beyond talking about tax in piecemeal terms? What is the role of the public in these debates? The ideas explored here – along with an accompanying collection of essays to be published in 2015 – provide the makings of a bold case for reformed taxation, stressing the importance of fairness, transparency and proportionality, while arguing for a greater sense of connectedness between citizens and the tax they pay.

These will provide the foundations for further Fabian research over the coming year, considering practical options for tax reform and public opinion after the general election. For more information visit www.fabians.org.uk/the-future-of-tax

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and the appropriateness of the enormously expensive renewal of Trident must be considered properly.

Finally, Labour needs to commit unequivocally to the most effective management of the public sector, including efficient use of resources. Over the decades many techniques have been tried to promote such efficiency, including wholesale privatization, 'outsourcing' and the private finance initiative. Labour has found this whole debate very difficult indeed, partly because of its relationship with public sector trade unions, whose members are paid by taxpayers' contributions. However, the party needs to make itself the champion of the most efficient use of public resources.

It is no doubt a hard challenge. But Labour must take tax out of the 'Too Difficult Box' and return it to the core of our national political debate. ■

Charles Clarke is a former home secretary and editor of The 'Too Difficult' Box: The Big Issues Politicians Can't Crack



THINKING POSITIVE

We need to be more optimistic about the power of putting in your share, writes *Zoe Williams*

I voted in my first general election back in 1992. Yet, in all my active democratic life, a mainstream party has never stood up and presented tax as a good thing. Neil Kinnock, whose famous tax hikes supposedly lost him the election, carried the aura of a man who thinks of tax as a punishment for people who are too rich. Mature analysis of that election shows that the tax agenda wasn't what lost it for him, but his punitive stance certainly failed to win it. Personally, I don't want to vote for any government that looks as though it would enjoy punishing anybody. But everybody, from left to right, distrusts a government that relishes punishing the rich.

The misunderstanding of the true reasons behind Kinnock's failure has been devastating for British politics, ushering in the widespread belief that no one ever votes for higher taxes. Instead, governments get in promising no tax rises, then tinker around with stealth taxes once they've been elected.

This truism must be overturned, not only because it erodes trust in the system, but also because it is not true. When people are asked what makes them most proud about Britain, they always say the NHS. When asked what to do about railways, they mostly say, 'renationalise them'. They love big, ambitious, future-proof institutions, things that no one in a million years could afford alone. In fact, voters actually love tax, but they can never show it, because it's never one of the answers on the democratic multiple choice at election.

Nobody will create a new normal under current discursive conditions. Someone has to make a positive case for tax. And this does not mean making a case against tax avoidance, which many politicians already do well. It doesn't even mean making a case for progressive tax, which a few politicians and a number of excellent campaigners do. It means falling in love with tax itself, not for what it can buy, and not even for its levelling effects, but for the act of paying it, the act of putting in your share. The act of contributing.

In Britain we understand pooling resources at some fundamental cultural level. In the comfort of our public houses, we invented the 'round'. This is unlike tax, in that we're still generally buying the pint-sized units we'd have bought individually, rather than one enormous pint which will last us until the future. However, it is like tax in that it conveys fellowship and trust. The system rejects outright the idea of the freeloader. Someone may try to dodge the round, but what of it? That person looks small; the round survives. This example alone undermines the very fabric of right-wing anti-state rhetoric which claims that we can't have healthcare, social security, or support for the disabled, as they're vulnerable to the freeloaders who might abuse it.

We also have a cultural bent towards sharing as insurance, a statement of solidarity that allows you to meet the future without fear. That's how Christmas clubs and building societies came into being, how co-ops were created, that's ultimately what unions were about, the pooling of (mostly) power and (a small amount of) wages. We understand sharing; we understand what's to love; we understand the hollowness of keeping for oneself what could have collectively made us far richer.

For these fundamental principles to permeate politics, we need a rediscovery and reaffirmation of the concept of a public good. For years, there was no need to defend this idea. Some things, like education, health, infrastructure, housing, make everyone in society richer, even those who aren't using them. It was just so obvious.

Now, every service is presented as something one group got over on the others. Why are we all paying for universities, just so that middle class kids can use them? Why do we all have to pay for bariatric surgery, just so that fat people can stay alive? Why have renewables, when I'm going to be dead by 2100? Why have social security? You're self-employed, who's going to look after you?

We cannot reform arguments around tax until this suspicious-minded pettiness has been confronted. What is the point of a service you don't use? Well, it makes your world better. Your compatriots end up happier, your community is safer, your economy is boosted, and your children might need it. And if you won't accept any of that, then see it as an act of thanksgiving. Pay for these services precisely because you do not depend on them.

The final major stumbling block is that we want to believe in tax, though we can only do so if it's in the hands of a state we

believe in and trust. But how can we, when none of its executors seem to understand the point of it?

Yet, this conundrum could be a virtuous circle rather than a vicious one. The MP that gets it and embraces revenue-raising as an act of trust, could be the MP that people trust to steward it. ■

Zoe Williams is a columnist at the Guardian



VIRTUE AND VICE

Labour needs to shift tax burdens away from earned income to unearned wealth, argues *Philip Collins*

One of the best things Einstein ever said was about the complexity of filing a tax return: "this is too difficult for a mathematician. It takes a philosopher". He meant that the act of filing a return raises the implicit question of what tax is really for. The answer to this question divides political traditions.

The social democrat tends to see tax as the means by which fairness, absent in the market distribution of earnings, is retrieved by the state. Taxation, on the left, is therefore a moral question and it is no coincidence that the all-purpose compliment 'progressive' is exactly the term applied to making the rich pay more income tax. On the right, tax is seen as the individual's property, which the state is bent on taking. That is accompanied by scepticism about how well the government will spend the revenues collected.

It is hard for partisan people to accept that both sides are almost always right. The left is correct, of course, to think that progressive taxation is one way to correct an unfair settlement. The right is also correct, however, to suppose that people earn their money. The left is good on the virtues of tax and the right is good on its vices.

The trouble the left gets into when it talks about tax is that it trumpets the virtues and forgets the vices. Left-of-centre people sound as if they relish tax but real people do not feel this way. A far better message

would be that tax is an unfortunate necessity in a state in which we have many needs in common. Yet Labour always sounds like it is telling the electorate that it is their moral duty to cough up.

The strangest attitude of all concerns income tax. Income tax was first levied in 1798 to raise funds for the Napoleonic Wars and is, strictly speaking, temporary to this day. There is a clue in the fact that government has to pass an annual Finance Act to make income tax legal again. The unpopularity of income tax is something that the Labour party, of all parties, ought to understand. It is incomprehensible that the party of organised labour should be so keen to tax income.

One way to change the conversation about tax would be to abandon the obsession with income tax rates, especially at the top. It raises precious little money and squeezes the debate about tax into a cul-de-sac. The left ought to have as its abiding principle that it will tax labour as lightly as possible but that it will, in order to compensate for the revenue foregone, tax unearned income more heavily.

The source for this principle is Liberal, embodied in Lloyd George's 'People's Budget' of 1909. We no longer follow these principles in Britain. At the moment, 44 per cent of what we raise is a tax on our hard work. Just over half the tax take comes from activity of various kinds, much of it beneficial: the taxes on business introduced by Jim Callaghan in 1965 are a fifth of the total and consumption taxes account for about a third.

A meagre 5 per cent comes from taxes on land and buildings, but the technical case for taxing property and land is excellent. Unlike income, property is visible and the tax is hard to evade. It could be done by a revaluation of council tax, which is still based on 1991 prices. Every house above a value of £320,000 pays the same amount. The obvious reform is to revalue properties now and introduce a graded property tax, proportional to the value of the house. Anyone with a large house and little cash could defer the levy and pay it out of the estate.

The other commodity which sits idle yielding unearned returns is land, of which there is a fixed and immovable supply of 60 million acres. The ownership of land is subject to windfall gains which derive largely from public infrastructure. A tax of 1 per cent on the £5tn of British land would raise £50bn which would be enough to cut income tax by a third or abolish corporation tax entirely.

None of these things can be done instantly. There is a lot of persuasion to be done yet and that leads to the final, and most important, point. Labour needs to learn to need less money. There is £700bn of public spending available. Labour needs to learn to keep its hopes within that amount and stop promising more. There is another question for which a philosopher, rather than a mathematician, is required. That is the question of how social democracy can thrive in a cold climate. Nobody has answered it yet. ■

Philip Collins is a columnist for The Times



REAL CHOICES

The centre-left needs to be pragmatic on tax and build support in a few strategic areas, argues *Sonia Sodha*

Tax has always been the ground on which elections are won and lost, and the battle in the run up to next May looks no different. David Cameron wheeled out £7.2bn of income tax cuts at conference, which will undoubtedly be the centrepiece of the Conservative manifesto. The Liberal Democrats are fighting to win public recognition for increases to the personal threshold already introduced by the coalition. Meanwhile, Labour's frontbench is under strict instruction from shadow chancellor Ed Balls not to make any announcements that could be construed as unfunded spending commitments.

However, the politically toxic nature of the tax debate means it is near-impossible for politicians to have an honest and upfront debate about how government raises revenue. Dropping the slightest hint of long-term tax reform behind closed doors can lead to frenzied denials by party press offices. This was a lesson learnt by both Oliver Letwin and Andy Burnham over the summer. Secret recordings of the former appeared to indicate Letwin's potential support for a hugely-regressive flat tax, while Burnham was recorded as saying there

should be a public debate about whether proceeds from a reformed estate tax might be used to maintain a basic safety net for the care of older people.

The result is a tax system full of anomalies, with incremental change layered over incremental change, and a tax code spanning 11,000 pages. The overall pressure on headline tax rates is downwards, as both parties look to capture headlines by promising tax cuts. Instead, tax revenues have been maintained through fiscal drag, as growing numbers of people are caught by static tax thresholds as wages rise.

Despite the huge fiscal challenges faced in this parliament, the coalition will have delivered over £12bn a year of tax cuts by 2015, mostly through increases to the personal allowance. This has taken a growing number of low earners out of the income tax system altogether. But these reforms have proportionately benefited more middle- and high-income earners, and have been partly paid for by cutting tax credits aimed at supporting low-income families with children. The overall impact has meant these families are significantly worse-off as a result of changes to the tax-benefit system. And if Cameron wins the next election, the further tax cuts he pledged in October would make the overall bill for tax cuts to around £20bn a year in total by 2018.

Yet demographic pressures including an ageing population means pressures on the public purse will continue to increase. Indeed, the growing consensus amongst experts is that the NHS, already facing its tightest settlement since its foundation, needs more resource than it has been allocated just to maintain, let alone increase, standards of care. Big cuts to local government funding have seen support for older care dramatically reduced even though demand is steadily rising. At the same time, the triple lock on state pensions will get increasingly expensive. It's no surprise then that Treasury officials are reportedly raising concerns about the feasibility of making these tax cuts whilst still trying to balance the books.

What does this mean for the centre-left? The tax reform debate within the Labour party has tended to be fairly polarised: between those on the right, against any type of reform that creates losers; and those on the left, whose arguments for more redistribution generating higher overall yields are too often divorced from a discussion about what extra resource might be used for.

The truth is neither of these positions is wholly sustainable. Accepting the Conservative position on tax cuts as a

baseline would result in Labour having to make even more drastic spending cuts in the next parliament than it has already committed to. But equally the left has never successfully made an abstract case for higher taxes that is powerful enough to overcome some strong gut instincts held by many members of the public, such as a natural scepticism of handing money over to the state for it to be spent on their behalf, and a strong desire to pass something onto their children.

Instead, the centre-left needs to start from a realist position on tax, focusing on building support in a few strategic areas. One might be the reform of housing taxation. Property is an under-taxed asset, helping to fuel the rising house prices that drive a growing gap between owners and renters. Council tax bands are based on a hopelessly out-of-date property valuation from 1991. Progressive reform of council tax to properly reflect the differences between today's house prices might be difficult to pull off politically, but could help to stabilise the housing market, as well as raise more revenue for local services, such as older care. The second could be a limited income tax increase specifically earmarked to help plug the gap in NHS funding: Gordon Brown's 2002 penny increase on national insurance proved to be remarkably popular for a tax rise.

Neither matching the Conservative proposals on personal tax nor proposing wholesale reform of the tax system are realistic options going into the next election. Instead, the centre-left needs to carve out a more pragmatic position. **F**

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GROWING PAINS

Parties must make the case for higher investment rather than higher taxes, argues *Ann Pettifor*

Government has two options in increasing tax revenues. It can hike up tax rates or it can avoid this unpopular and unsustainable option by ensuring there are a higher number of taxpayers. The government's current policy of creating more low-paid, non-taxable employees is causing tax revenues to fall. That's why we need far more taxpayers in skilled, high-paid employment. By increasing the number of people in well-paid employment, government will automatically increase tax revenues.

The coalition government has elevated debate on the budget deficit to hallowed status. When George Osborne delivered the annual Mais lecture as shadow chancellor in 2010, he declared his mission to be the "internal and external rebalancing of our economy", moving us away from an "economic model ... based on unsustainable private and public debt. This is no longer discussed. Full, well-paid and productive employment is no longer a policy goal.

Instead political priorities include lower wages, increased part-time and insecure work, shrinking the welfare state and raising taxes – supposedly to reduce the deficit. The middle classes have had to share the pain. Since 2010, millions more pay tax at the higher 40 per cent rate than would have done so under Labour's 2010 manifesto plans.

The only way to close the deficit gap, it is argued, is to drastically cut government spending and gently increase taxes. Labour's shadow chancellor colludes in this narrative, upholding cuts to the government's budget deficit as part of Labour's own plans, on grounds that the public would not find an alternative approach 'credible'.

But is that true? Despite savage cuts and fiscal pain, public debt is rising. And the public is aware of this.

Income tax makes up 40 per cent of the government's total tax take, but receipts from low-paid, insecure and part-time employees are falling. As a result, the budget deficit will be much higher this year than the

chancellor's target, according to the Office for Budget Responsibility.

Yet how *are* we to raise tax revenues? Britain, after all, is a nation burdened by high levels of private individual, household, corporate and banking debt. At a time of rising economic insecurity, these have not been written off. Corporates, in particular, lack confidence and are hoarding rather than investing cash.

We know from experience and history, in both Europe and the United States, that there are effective policies for reducing the deficit. These include: full, secure employment; rising skill levels which lead to rising incomes and increased productivity; rising profits; and buoyant tax revenues. And despite the existing deficit, these policies can be kick-started by public investment and spending financed by borrowed or electronic money (also known as quantitative easing (QE) or open market operations by central banks).

Such increases in private incomes can only be generated, as John Maynard Keynes once argued, by "public authority ... called in aid to create additional current incomes through the expenditure of borrowed or printed money".

As he wrote to President Roosevelt at the height of the Depression in 1933: "The prime mover in the first stage of the technique of recovery [requires] overwhelming emphasis on the increase of national purchasing power resulting from governmental expenditure which is financed by loans and not by taxing present incomes. Nothing else counts in comparison with this."

His advice remains relevant today in the context of a society which faces threats such as climate change, necessitating colossal investment in the transformation of the economy away from fossil fuels to clean energy.

To tackle this threat, graver than that faced by Roosevelt in 1933, we must overthrow the crude orthodoxy that equates balancing the government's budget to a household budget and endorses QE for private bank bailouts but not public sector investment. We must discredit economic dogma that prohibits government from borrowing or deploying QE for long-term public investment to stimulate private sector investment in, for example, clean energy.

Such action will lead to full employment, high skilled jobs, rising incomes and, most importantly, buoyant tax revenues, with which to repay QE or public debt, and challenge the current status quo. **F**

Ann Pettifor is honorary research fellow at City University's City Political Economy Research Centre



Missing in action

Debate over Britain's role in the world is a casualty of our increasingly parochial politics, writes *John McTernan*



There's a lovely book about Nico, the legendary Velvet Underground singer, and the end of her career when she lived in Manchester. It's called *Songs They Never Play on the Radio*. It's well worth a read, but with a little tweak the title is also a prescient description of next year's general election – Policies They Never Mention on the Campaign Trail. Obviously the big omission will be about the reality of public spending constraints – but at least there will be lies, evasions and half-truths. But undiscussed throughout the election will be foreign policy.

Why should that be? The UK is still one of the largest economies in the world. We're a permanent member of the United Nations Security Council, and we have some of the best forces in the world. There's a simple explanation. We've become parochial. That's the best way to describe British politics. Utterly parochial. And if it's bad now, what do you think it will be like next year during the general election? Here's a hint – it certainly won't be any better. Not by a long way.

Just consider recent months. An airliner shot down by terrorists in Ukraine using weapons supplied by the Russians. This following the annexation of part of Crimea by Russia. The UK government's response? Silence. This happened in Europe, and the plane – though Malaysian Airlines – was packed with European citizens. Further, the annexation, the supply of weapons from Russia and the deployment of Russian troops into Ukraine – a free, democratic and independent country – are all intended to prevent that country joining the European Union (EU). The landing of a spaceship on an asteroid has excited more political comment in Britain. This despite the UK being, along with the US and Russia, a guarantor of the territorial integrity.

Take another issue completely. Hong Kong. There have been demonstrations and occupations in Hong Kong demanding the fulfilment of the promise of democracy. Again, the UK is deeply involved. Hong Kong was handed back to China with promises made about democracy by the

Chinese leadership. Hongkongers, like the Ukrainians, thought that Britain's word was its bond. That has turned out to be a wrong assumption.

This is a shameful situation. For all our fine words, the UK is no protector of its own values. This, sadly, is not a party political point. All parties have narrowed down their focus.



The shrinking of debate has three causes. The most immediate is the rise of UKIP, which has completely spooked mainstream politicians. For UKIP, foreign affairs is simply the EU and the only real policy is immigration. Labour, Tories and the Lib Dems are each in their own way demonstrating the truth that it is fatal in politics to accept the frame that your opponent has placed on events. Once you accept the terms of debate imposed by another, you rarely win. What has ensued is a bidding war between all the

parties to be beastly to migrants. And just as you can never out-Trot a Trot, you can never out-xenophobe a xenophobe.

The second force is the economy. Following the Great Recession there has been a huge pressure on all countries to boost growth by boosting exports. After the flat-lining caused by the first few years of the coalition all growth is to be welcomed. But George Osborne and David Cameron have been the most blatantly mercantilist leaders the UK has had for a very long time. For them the key issue in China is will they buy our goods; human rights are not just well down the agenda, they are actually an encumbrance. Once this is your mindset, any historic or moral responsibility towards Hong Kong goes out the window. All that matters is how to keep Beijing happy.

Finally, there is Tony Blair. He bestrides this debate. His successes are as controversial as his failures. Just look at the row about Save the Children's Global Legacy award made to him for his work in Africa. Blair's record there is faultless but he gets battered and the way he is treated sends a powerful message. Politicians, like all other humans, respond to incentives. The point here is clear – don't bother. It's too much trouble.

We've been here before, in the 1990s. There was genocide in Rwanda – a million people were murdered and we did nothing. There was ethnic cleansing on the mainland of Europe – in Yugoslavia, a country which is closer to Britain than Greece. Yet we pretended that Bosnia and Serbia were far-away countries of which we knew little.

From that catastrophic period grew Robin Cook's commitment to an ethical foreign policy and Tony Blair's doctrine of liberal interventionism. Whatever their flaws this was surely better than the current bloodlessly amoral British foreign policy. At the very least there is a debate to be held. For, if we don't go to the world, it will come to us – and either way, we need to be prepared. ■

John McTernan is a commentator and political strategist who works internationally. He was political secretary to Tony Blair



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Building the green golden age

As the search continues for Labour's missing 'story', *Fergus Green* shows how it might be found in transforming our economy and society in the face of climate change



Fergus Green works on climate change policy at the Grantham Research Institute on Climate Change and the Environment, the LSE. He writes in a personal capacity.

LESS THAN SIX months before the general election, Labour still lacks a unifying narrative that could give impetus and direction to what is otherwise a collection of important but disparate social and economic reforms. And less than one year until the important Paris climate change conference, Labour is still struggling to communicate its approach to climate change to an electorate that is largely disengaged from the issue.

These two problems have a common solution: a national mission to build the infrastructure, technologies, businesses and skills needed to decarbonise the UK economy and tackle wider environmental and resource challenges would provide the basis for an inclusive and sustainable economic revitalisation of Britain. Building a 'green economy', in this sense, is about much more than responding to global climate change; it's about creating locally the conditions for a new golden age of shared prosperity.

But integrating climate change into such a coherent narrative and policy agenda requires Labour to overcome three divisions – one conceptual, one geographic and one ideological – that have hampered its approach to date.

The conceptual division: towards a 'green golden age'

The first division has to do with how we typically conceive of climate change as a problem, and the responses to it. Traditionally, policymakers and activists have tended to treat climate change as a standalone issue. Greenhouse gases are emitted from smokestacks, exhaust pipes and other sources, they mix in the atmosphere, and they affect the climate in ways that expose people to a variety of natural hazards. Responding to it requires international co-operation and domestic policies to reduce those emissions (and to adapt to the climatic changes already in train).

Sometimes, this narrow approach to climate change is analytically useful. But often it is more useful to zoom out and consider the wider systems in which these emissions sources are embedded: the buildings in which we live and work; the transport networks that get us from A to B; the cities and communities of which we are a part; the electricity and heating systems that power our homes and factories; and the land-use patterns implicated in the food and other goods we produce and consume. They all form part of a wider economy, with flows of trade and investment, with taxes and regulations, with incentives for individuals and companies to behave in this way or that. And they all form part of a social, cultural and political milieu, with norms, shared beliefs and common values that shape how people think and behave.

When we look at these wider systems, we can see many problems, quite aside from unsustainably high greenhouse gas emissions. Too much energy is wasted heating poorly insulated homes and offices. The public transport networks in too many cities are inadequate. Our energy system is too centralised and dominated by a handful of large companies. Natural resources are increasingly constrained and under-valued. Urban air pollution takes a large human and economic toll. There is a great need for new and refurbished infrastructure. Too much capital is locked up in safe government bonds or risky financial speculation and there is too little investment in the real economy. Too many

people are unemployed. And our society is grossly unequal, with enormous rewards going to a few at the top, while too many at the bottom, and in the middle, struggle.

Much of what we need to do to tackle climate change can be done in ways that make our economy and society function better. But even accounting for these 'co-benefits' misses the truly transformative potential of strong action on climate change. Sound policy to induce or accelerate innovation and social change towards a green economy holds the potential for a new wave of innovation-based growth and prosperity – a "new energy-industrial revolution", as Lord Stern has called it – affecting all sectors of the economy and involving everyone.

Two effects of green innovation give rise to this transformative potential. First, action to induce a technological shift in the pathway of innovation from high-carbon to low or zero-carbon activities can have a beneficial effect on relative prices. Previous government subsidies (mainly in Europe, and later in China) for solar photovoltaics and on-shore wind energy, for example, created markets for once-niche industries, allowing them to be deployed at scale and enabling innovation by producers in all parts of their supply chains. These dynamics have caused production costs for these technologies to plummet to the point where they are now price-competitive with fossil fuel energy in many parts of the world. We are observing similar cost declines in batteries, electric vehicles and many other critical, low or zero-carbon technologies. With continued support for such technologies (and by removing subsidies for, and raising taxes on, fossil fuel energy) techno-economic tipping points can be reached: these technologies could become the new normal, generating sustained cost advantages over high-carbon incumbents that more than justify the upfront subsidies.

The second effect of green innovation is less obvious, but is likely to be even more important than the first. It has to do with how new ideas and technologies can spill over into other sectors of the economy, begetting further innovation and growth. For example, as Mariana Mazzucato and others have shown, public research and development by the US defence sector led to the invention of the internet, GPS, the touch-screen, and most of the other technologies used in smart phones. Much green innovation is likely to spur this kind of economy-wide innovation to a greater extent than incumbent technologies do. Consider innovation in vehicles: battery-powered electric vehicles are likely to spur innovation in a variety of other sectors – not least of all in electricity supply systems – whereas the potential for innovation spillovers in combustion engines is, these days, much more modest.

But technological and economic change will not fulfil its transformative potential – nor will we achieve sufficient levels of emissions reductions – without wider changes in institutions, in social norms, and in the distribution of income and wealth. Carlota Perez, the eminent scholar of economic and technological change, has highlighted the critical role of such factors in generating past 'golden ages' of capitalism, in which the volume and direction of finance, production and demand leads to profound and inclusive economic prosperity. For example, consider the features of the post-second world war golden age in the advanced capitalist countries, roughly from 1945 to 1973, when income per person grew

strongly in Europe and the US, their economies were relatively stable, unemployment was very low, and income and wealth were much more widely and equally shared than in the preceding or subsequent decades.

Perez argues that the post-war golden age, built around ‘suburbanisation’, was not merely a product of its enabling technologies and resources (cheap land outside cities, cheap oil, roads, electricity infrastructure, automobiles, electrical appliances, other mass-produced consumer goods, and materials and electronics fuelled by cold war military innovation). It was also enabled by a politically chosen set of social institutions that increased consumer demand and directed it toward the technologies of suburbanisation: public support for suburban infrastructure projects (eg roads and electricity infrastructure); official recognition of the trade unions, which ensured wages increased with productivity; and a strong welfare state, providing pensions and unemployment insurance. Together, these arrangements ensured a mutually beneficial relationship in which the middle classes expanded, with people enjoying the means to purchase the goods and services being produced by the companies in which they were employed, and in which financial institutions invested in this ‘real economy’ rather than in intra-financial sector lending and speculation.

We all know that political choices affect the distribution and redistribution of income and wealth in society. Perez’s point is that by designing institutions and policies so as to encourage the deployment of *particular types of production* – in this case, those of the green economy – we can create a mutually reinforcing loop between the demand and supply necessary to sustain a new golden age of socially-productive investment and inclusive wealth creation.

This link between an intelligent green agenda and reforms to socio-economic policies and institutions is largely missing from Labour’s current rhetoric and policy. It is the difference, for example, between an ambitious program to build new homes and an ambitious program to build new homes *to progressively higher green building standards*, inducing green structural change in the construction industry. It is the difference between reforms to the vocational training sector and an intense focus on skills training for the green economy. It is the difference between tackling inequality through higher tax rates and better enforcement at the top, *and comprehensive fiscal reform to stimulate a socially just, green economy* – one that combines more progressive tax measures at the top with taxes on carbon and local pollutants, lower marginal income tax rates for those at the bottom, and a clear public purpose to invest the proceeds in green infrastructure, innovation and skills.

It’s the difference between a divided approach to climate change, environmental, social and economic issues, and a comprehensive strategy to build a green golden age.

The geographic division: towards a consistent international and domestic agenda

Like many of its counterparts around the world, the British Labour party has understandably struggled to connect the arcane world of international climate policy with domestic action on climate change. Unwieldy acronyms, opaque international conferences and technocratic debates about long-term targets are difficult to translate into local narratives.

The traditional EU/UN approach to climate change looks even more foreign when one adopts the economically and socially integrated perspective sketched above. The UK could probably foster a domestic green golden age through actions it takes at home, in the absence of deep international co-operation. Certainly the EU and a handful of other large economies could do so. Accordingly, we can question the need for a ‘comprehensive and legally binding treaty’ of the kind that has long been heralded as the holy grail of international climate policy.

But international co-operation still has an important, if more nuanced, role to play. Well-designed international institutions and agreements can reduce the costs and expand the benefits of action in any one single country. They can help countries to overcome the technical and political barriers that stand in the way of strong climate action. And, ultimately, they can reinforce the desirable dynamics in technology, prices, institutions and social norms discussed earlier, accelerating us toward the desirable ‘tipping points’ beyond which the transition to a green golden age becomes self-sustaining. Setting shared global goals and national emissions targets are important elements of the co-operation that is needed, as they signal to investors and policymakers the future direction of global policy.

To trigger these desirable tipping points more quickly, however, we need greater coordination among the major economies on their policies and measures to reduce emissions. These include investments in support of green innovation, regulatory standards, carbon taxes, the abolition of fossil fuel subsidies, and measures to phase out coal. Greater support is also needed to ensure that developing countries switch to clean and safe energy sources, and that the move to a green economy benefits the world’s poor and energy-poor, including by radically expanding access to (clean and safe) energy services. We also need to think about how global institutions and rules concerned with taxation, finance, trade and investment can be reoriented toward the performance of these urgent tasks – in particular, to channel the trillions of dollars of footloose financial capital and corporate activity into the green economy.

For Labour, this means not only integrating climate change horizontally, with its wider social and economic reform agenda, but also vertically, with its EU and international policy agenda. Building a green golden age begins at home, but means we can lead the world.

The ideological division: towards a more humanistic politics of climate change

The third climate change division Labour faces is an ideological one, manifested in different approaches to the issue within its own party. The traditional approach to climate change – with its emphasis on scientific and economic expertise, centralised climate policy institutions, international co-operation and the maximisation of economic efficiency – fits naturally with the politics of liberal-internationalists and centralising social-democrats. But it is anathema to Labour politicians of a more communitarian or conservative inclination. The latter tend to be concerned about the absence of local control over decisions affecting local communities, economies and natural environments.



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Climate change is a global and fiendishly complex problem. The responses to it inevitably require a degree of expertise, internationalism and rational, utilitarian calculation. The ‘new energy-industrial revolution’ and the green golden age hold immense potential for a better Britain and a better world. But revolutions are disruptive. Net benefits still involve absolute costs. And a flourishing economy based on the minimal use of natural resources, carbon and energy implies that some sectors will need to contract. Jobs in the ‘brown’ economy will be lost. It is at these points that we begin to see the limits of expertise, internationalism and utilitarian calculation, and at which we must – for both moral and pragmatic reasons – embrace a politics that is more local, participatory and respectful of human dignity.

We must recognise, for example, the interests and identities bound up in local forms of work and community life that face changes in the move to a green economy. This does not mean that they must be protected at all costs: as the victims of climate change and of our unequal, fossil-fuel based economy remind us, there is no loss-free future pathway. But it calls for a sympathetic approach to transition that is well managed at the local level – what the union movement and others refer to as a ‘just transition’. It entails a commitment to encouraging participation by workers and vulnerable groups in the corporate and political decisions that affect them, as well as formulating substantive government policies that support their transition into the green economy.

There are other ways in which the transition to a green economy could be more localised and human, but which might be eschewed if we were concerned only with national-level efficiency maximisation. Labour has already opted for a more localised approach to delivering household energy efficiency retrofits in fuel-poor homes. Energy could also become more localised and democratised – for example, through the establishment of green energy ownership and financing initiatives that invite and encourage participation by ‘mum and dad investors’ in the nation’s

energy transition. And government support for innovation, from basic research to deployment, could consider regional as well as national characteristics. The state could prioritise technologies likely to bring strong social benefits at the household level – such as building energy efficiency, heating, electricity networks, electricity storage, and renewable energy generation.

There is a final lesson for Labour in this analysis: be bold. Moderate improvements in climate policy here or there will help, and there is much that can be done to increase the flow of private finance into the green economy. But without a greater willingness to spend public money on productive investments in the infrastructure, innovation and skills needed to build a green economy, and to reform 20th century social and economic institutions, there will be no green golden age. Austerity will continue to choke recovery, unemployment will remain high, skills will atrophy, confidence will dwindle, and the opportunities to stake a leadership position in the green economy will go begging. And for those concerned about the sustainability of public debt, it is growth in the medium term that will improve the sustainability of Britain’s debt in the longer term. Medium term growth won’t come from austerity; it will come from a green transition.

A national mission to build a green golden age at home and abroad has a worthy response to climate change at its core. Yet it is much more than that: it is a compelling Labour vision for a stronger economy and a better society that provides impetus and direction to an ambitious, whole-of-government reform agenda, based in a politics of the common good.

If we think boldly and creatively to connect climate change with other important social and economic issues, and if we think across geographic scales and ideological lines, then we could tackle our biggest challenges together. ■

A longer version of this essay containing full references can be obtained from the author on request



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Yvette Cooper is not distracted by speculation she will one day lead Labour. *Mary Riddell* finds her focused on UKIP, cyber crime and winning the next election



Mary Riddell is a columnist for the Daily Telegraph

SEVERAL YEARS HAVE passed since Yvette Cooper and Ed Balls spent their Christmas Eve trying, and failing, to find Argos in Basingstoke, where they were spending the festive period with Cooper's family. Having twice circumnavigated the town's ringroad through grid-locked traffic and furious recriminations, the couple finally located the store and split up to choose their Christmas gifts.

"We ended up with identical presents," Cooper says. "Each of us had bought the other one a satnav". On the verge of the year of the most unreadable general election in many years, Labour also needs every navigational aid at its disposal.

It falls to Cooper, as shadow home secretary, to chart the course on the critical issues of security, policing and immigration. She also heads the Labour group assessing the UKIP challenge, and it is clear that she sees Nigel Farage as a potentially serious threat. Labour, she indicates, will react accordingly. Come the New Year, the party will be taking the attack to UKIP, exposing racism where it occurs and warning of the dangers to the NHS and worker protection.

"We need to take UKIP on. They're promoting hostility and division, and we shall challenge all of that unpleasant politics. We shall not let him [Farage] get away with it ... It is not racist to talk about immigration, but it is racist to say [as one local UKIP candidate is reported to have done] that Lenny Henry should get out of Britain. This is a right wing party which would be terrible for working people. They need to be exposed, not ignored."

That decision to raise the tempo suggests both a mounting fear that working class voters will defect to UKIP and a hope that Farage will yet prove vulnerable. Cooper's group believes that trust in the UKIP leader is thin and evidently supposes that Labour's lost core voters may return if they are told that UKIP is a party of the right with a disdain for women and a dangerous disregard for the health service. If things are about to get nasty – and they are – then Cooper will not shirk this fight.

As I head up to her office for our interview, I bump into her in the lift, where Cooper is applying her make-up without a mirror. While this routine reflects a dearth of

spare moments, it also indicates that the shadow home secretary may devote less time to the frivolities of life than her opposite number, Theresa May, who chose a lifetime's subscription to *Vogue* as her luxury on Desert Island Discs.

What would Cooper pick? "I read a lot of magazines on trains when the children were younger. Ed would read novels but I couldn't concentrate for long enough. I liked gardening magazines, which were a substitute for doing any gardening. I'll read something like *Red* or *Marie Claire* or *Cosmo*. Probably those rather than *Vogue*."

Such choices put Cooper squarely in the terrain of the ordinary parent, the rhythms of whose life she understands and whose interests and preoccupations she shares. Vicarious gardener she may be, but her ability to cultivate trouble for the government is never less than direct.

Not long ago, for example, Labour came within nine votes of gravely embarrassing the government over the European Arrest Warrant. Cooper, arguing that the motion was misleading, proposed that "the question be not now put", an obscure procedural device. The Tory whips' scrabble to get MPs back to Westminster to stop Cooper's ingenious delaying tactic included plucking David Cameron, in white tie, from a Mansion House dinner.

In Cooper's opinion, the attempt to endorse the European Arrest Warrant (which Labour backed) without actually mentioning it in the programme motion was "a complete parliamentary farce. How can you have a debate in which the home secretary stands at the despatch box saying this is a vote on something that it's not? It's just surreal."

Do Cooper and May, both frequently tipped as future leaders of their parties, get on? "She doesn't provide much in the way of briefing or information. The problem for her, for example on the European warrant, was being stubborn. But to become home secretary and to come through a Tory party [which has] very few women deserves respect."

Shadow cabinet now has one fewer female face after the departure of Emily Thornberry, who stood down over a supposedly disparaging tweet showing a voter's house draped in St George's flags. Was Ed Miliband responsible for whipping up the resulting firestorm by sacking her so hastily?

"The day it happened, I was in Southampton with John Denham [Miliband's former PPS]. John organises a big St George's day event, with flags flying, because he's very proud of English Labour. Emily herself has said she shouldn't have tweeted [the picture]. She took the decision, and I think she's done the right thing. In the end, it's about being part of a whole country and not being divided. That is really important."

Cooper's own last speech on immigration was a paean to the "rich history" of Britain's incomers "from the Huguenots in Spitalfields to the Trinidadians on our hospital wards." But as ever, Labour's warnings over a debate disfigured by "heat and noise" came larded with promises of toughness. The harsher overtones for which such speeches are invariably remembered risk ceding ground to UKIP, I suggest, as well as alienating voters who discern first that there is a problem and, secondly, that Labour can't fix it.

"There's a danger that this just becomes a really divisive, angry debate when we actually need to have a thoughtful, sensible, measured debate about immigration... You have

to have sensible ways to [ensure] the system is fair because, if you don't, you hand the whole debate over to the right. The three things that come up on the doorstep are jobs, the NHS and immigration.

"We have to have a progressive approach to immigration, and that means recognising that there are two right wing views. One says, let's close the door, look inwards and be reactionary. The other says, have no controls because that's in the interest of business." But the 'progressive' approach, as framed by Cooper and Rachel Reeves, the shadow work and pensions secretary, includes measures stricter than current government plans

To debar migrants from claiming out-of-work benefits for two years after arrival would, for example, not only outflank the Tories but also fall foul of European law. How, then, does Labour propose to drive through such a measure? And, given that the party may invite disappointment by advancing unrealistic plans, should it even try?

"Britain needs immigration. And we've absolutely got to stay part of Europe and have the jobs and investment [that EU membership brings]. The danger is that we will lose the argument on Europe... if we can't reassure people the system is actually fair. This is about making Europe work so that it doesn't undermine social solidarity. If every country has to treat people who have just arrived exactly the same as those who have been there for five or 10 years, then all countries will just start to reduce all their social security.

"If our benefits are higher than France or Germany or Spain, that's going to cause problems for migration. The consequence is that you could end up in a race to the bottom on social security. That is a nightmare. You end up undermining the very social solidarity that every country should have."

But if you restrict in-work benefits – a Labour proposal which would require an EU directive to be amended – why would firms not pick cheaper migrants with none of the administrative burden accompanying tax credits? "The idea of looking at in-work support again is to make sure you're not effectively subsidising recruitment agencies who are bringing people in from abroad [knowing] they can immediately get support.

"The danger is that [the taxpayer] ends up subsidising low-skilled work and low-skilled migration. You're only talking about people when they first arrive, not those who have been here for quite a long time." Pressed on how long people would have to work before claiming in-work benefits, Cooper says: "You're not talking about people who have been here for five years... It could be two years or something."

She is quick to debunk the Tory suggestion that another part of her immigration strategy – hiring 1000 more border guards – rests on "catastrophically misunderstanding the system". Critics claim that her idea of charging visitors £10 for fast-track permission to enter the UK would fund only 59 staff because few countries are affected by the visa waiver plan.

Cooper denies that extending the scheme would be too expensive to produce much revenue. "The idea that an electronic check will cost more than it actually raises is just desperate nonsense," she says.

Labour, she promises, would look again at the restrictions whereby British citizens must be earning more

than £18,000 before they can bring their spouses into the country. "There is a principle about people being able to support their families, but [the Tories] didn't look at things like whether you could do a bond instead. Women with children, who might be working part-time, are unfairly disadvantaged by the system. We've said we want to review this, and we will look at alternative ways."

On low pay, she cites a local factory "where three-quarters of the workers were eastern European and one quarter British. Because of the shifts, they didn't speak to each other. The employers were doing nothing to get people integrated, and everyone was on these zero hours contracts. The Tories aren't going anywhere near UKIP [on these] employment laws. If you allow immigration to be abused and wages undercut, it doesn't matter what else you do. There will continue to be a huge problem and huge anxiety."

"There's more at stake in this election than in many I can remember. If you end up with either a Tory government or a Tory/UKIP government, then you're talking about being out of Europe with a widening gap between rich and poor. We'll become a more divided and pessimistic country. The Olympic spirit [of two years ago] feels like it is being pulled apart."

But Ed Miliband's gloomy suggestions that people have never had it so bad do not, I suggest, engender much hope. "Ed's speech in the Olympic year was all about one nation. Last year's was all about how Britain could be better, and this year he spoke about our six goals." Does Cooper hope, one day, to lead her party into the future? "The only focus we can possibly have right now is to win the election, because there is so much at stake. I think Ed's doing a really good job, and we've all got to be part of the team. I think that's the only thing."

Were Miliband to fail, however, it seems possible that Cooper and all her generation might sink with him, leaving the field clear to those not linked to the Blair/Brown years. Is this election, I wonder, the last great chance for her and her contemporaries? "You can't be in politics and get into that whole speculative thing. The only thing we should be focused on is an election [with] so much at stake."

Were Cooper ever to become leader, she would not lack backbone. Tough enough to do a punishing job while raising three young children, she is obdurate on issues such as security. A past advocate for the reinstatement of control orders on terror suspects, she recently supported the banning from Britain of the controversial 'dating coach', Julien Blanc.

Is it wise, I ask her, to ban even such a loathsome visitor, given the dangers of restricting freedom to express a view, however reprehensible? "The issue with Julien Blanc was evidence of what looked like him actually inciting sexual assault. There are all sorts of people who might have awful views I disagree with, but it's a separate issue if you are actually promoting sexual assault or violence against women. You have to protect liberty and security. You need strong powers, but you also need checks and balances." The security services, in her view, "ought to have much stronger oversight."

On crime, she takes seriously the argument that falling crime figures obscure a hidden wave of offences, such as cyber-crime and fraud. In particular, Cooper is alarmed by online abuse of children and by reports that the National Crime Agency (NCA) has uncovered many thousands of cases that are not advanced because of lack of capacity. "There is a really serious problem here. This is the next scandal.

"Crime is changing and a lot of it is shifting online. The scale of police cuts [makes] it really hard to see how the police will cope, particularly on child protection." Initially it was reported that 10,000 suspects had been uncovered by the NCA, but no action was taken, partly for fear that the courts would be overloaded and that the prison system be unable to cope.

"Now it's over 20,000 [cases]. As we understand it, this is about circulating and downloading abusive images of children. The NCA estimate that a significant proportion of those [involved] in online abuse will also be engaging in contact abuse, but we don't know how that links.

"You need to investigate all those cases to find out how many of them have contact with children. We're being told it is impos-

sible to investigate all these cases. When 120,000 people are arrested every year for theft, the idea that you can't arrest child abuse suspects shows to me that the priorities are wrong. This is a new and growing crime, and children's safety is at risk here."

The authorities, she says, "are continually stonewalling. I do not understand why Theresa May will not engage with this." Is Cooper suggesting that pursuing those suspected of drug offences or theft is to plough resources into the wrong things?

"The police always have to make decisions about priorities," she says before advocating savings on procurement and "getting rid of police and crime commissioners." In the meantime, she will continue to press for a proper investigation of what she believes to be an all-but-ignored epidemic of child abuse. "For too long, children weren't listened to or believed, and we should not make that mistake again because this is online and virtual. There have been too many historic mistakes about not listening to children."

Effective in many spheres, Cooper is at her most eloquent on women and children. Raised in a technocratic school of politics, she also possesses a warmth that more machine-like politicians could not emulate. Although she does not dwell on her family life, she hints at the clash of cultures in the Balls/Cooper household in the fraught run-up to the autumn statement, "with the news on at one end of the room, Ed practising for his Grade Four piano exam at the other and both being overridden by I'm A Celebrity Get Me Out Of Here."

Of all this year's contestants, she preferred the banished Edwina Currie. "You've got to admire the way she dealt with those bugs and creepy crawlies." Yvette Cooper will be aiming to adopt a similarly brisk approach in the Westminster jungle during the critical months ahead. ■

"If you allow immigration to be abused and wages undercut, it doesn't matter what else you do. There will continue to be a huge problem and huge anxiety."

Review of the reviews

Labour’s policy review considered how to tackle some of our biggest political challenges. We asked a panel of experts whether its external commissions make the grade

The Armitt Review of Infrastructure [Sir John Armitt]

WHAT IT SAYS: With our population set to reach 73 million by 2035 and a widening gap between demand and supply of infrastructure support, Britain faces an infrastructure crisis. The review recommends the establishment of a new National Infrastructure Commission (NIC) with statutory independence. Each decade, the NIC would undertake evidence-based assessments of the UK’s infrastructure needs over 25–30 years, delivered through sectoral plans. The NIC would evaluate economic growth forecasts, population trends, technological changes and environmental and regulatory requirements, passing recommendations to government.

Amy Mount (Green Alliance)

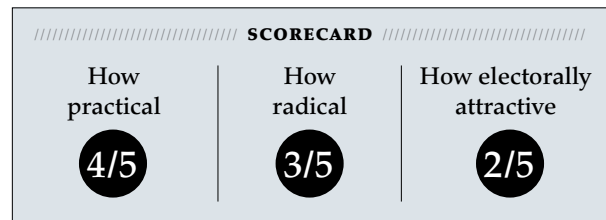
To become a low-carbon economy the UK needs to build new infrastructure – extending the electricity grid, for example, and improving public transport. In this respect, Armitt’s strategic, long-term approach is welcome. Currently, the UK doesn’t have an infrastructure plan. Instead, we have a list of projects, the so-called ‘infrastructure pipeline’.

It’s promising that the need for infrastructure planning to align with the low-carbon agenda is more prominent in the draft bill Armitt produced to follow up the review than it was originally. If infrastructure investment is about building for the future, it’s nonsensical for it to risk undermining environmental integrity.

Two key things are missing though. The proposed commission should be more open to considering demand-side approaches – needs such as mobility, warmth and clean water do not necessarily require big-ticket infrastructure.

Indeed, it’s more cost-effective to insulate people’s homes than to build a new gas plant.

The review’s other weakness is public engagement, which is glossed over with a brief reference to ‘full public consultation’. If the public mandate for infrastructure is to be strengthened, this should be part of the commission’s core remit and not a bolt-on. A stakeholder council should advise the NIC as it conducts its national assessment, and cross-sectoral, deliberative dialogues with cities and counties should inform the development of sector plans, ensuring rich input from the localities that will ultimately have to host national infrastructure. If taken up, these recommendations will make the NIC more accountable and more likely to deliver the infrastructure the UK needs. **F**



People Powered Public Services [The Local Government Innovation Taskforce]

WHAT IT SAYS: The state was built to meet the needs of a different era, when communities were less diverse and citizens didn’t live as long. Government is struggling to deliver the resources required to meet rocketing demand for public services. The review recommends a New English

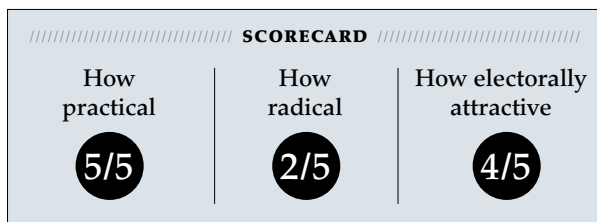
Deal, which would devolve power and financing to local governments to provide longer-term funding certainty. Local governments would therefore possess greater control over health and care, education, policing and childcare services. Independent Local Public Accounts Committees would also be implemented to assess the efficiency and delivery of these services.

Laura Wilkes (New Local Government Network)

Basing the future of public services around people power, collaboration and prevention is a positive first step for Labour in making concrete proposals on devolution. Devolving powers will have great benefits locally, not least in enabling councils (and their partners) to shift towards preventative public services, which through local determination could better meet the complex needs of communities.

While many of the recommendations are pragmatic, we must question whether they go far enough. The Taskforce recommends setting out a path to sustainable public services, but the devolution plans in the report will not do enough to shift the relationship between local and central government. Central government will still hold power and control the purse strings, infantilising local government. While there is potential in the report, we are not told whether a radical redistribution of power would involve more localised taxation arrangements, less reliance on central grants or whether local governments would be equal partners of central government.

Instead, the report appears to propose a trade-off between limited powers in exchange for greater local responsibility. While we know that with power comes responsibility, and that councils should be accountable for the right outcomes, we must also recognise the implicit dangers. Will central government slip back into systems of old; making local government responsible for delivering central pledges rather than locally determined core priorities? Will local government be answerable to ministers or to local people? Ultimately, devomax must set out further devolution plans to councils. This report is a step in the right direction but there is still a long path ahead. **F**



Low Pay: The Nation’s Challenge
[Alan Buckle]

WHAT IT SAYS: Working poverty is a national challenge. Over 250,000 people do not receive the minimum wage and its value has fallen by 5 per cent since 2010. The review endorses a more empowered Low Pay Commission to investigate the causes and consequences of low pay and outline solutions. It recommends using a ‘stretching target’ to ensure that the minimum wage increases faster

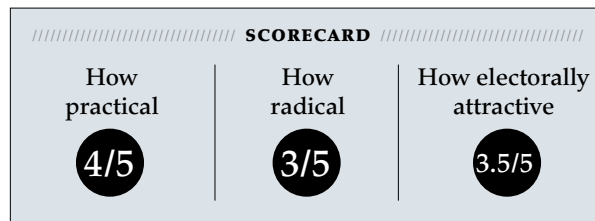
than median earnings, along with better enforcement in workplaces. Companies would also be required to disclose their remuneration reports to ensure greater transparency and more would be encouraged to become living wage employers.

Katie Schmuecker (Joseph Rowntree Foundation)

Work fails to offer a route out of poverty for too many families. Half the people experiencing poverty in the UK living in a household where someone works, while the cost of essential goods and services is rising much faster than wages. The review’s focus on enforcing the minimum wage is welcome; JRF research demonstrates the extent of exploitation in some sectors. The procurement recommendations are important too, and a way for government to show real leadership on extending coverage of the living wage. But there was room to be more radical here: setting out steps to extend the approach to the NHS and local government would have been bolder. This would bring savings to the Treasury in increased income tax revenue and reduced in-work benefit payments, which could be channelled back into funding those services.

The review strikes a fine balance in relation to the minimum wage itself, recognising that increased pay must go hand-in-hand with increased productivity. The established process for setting the minimum wage is rooted in partnership between employers, unions and government and a thorough assessment of evidence. These are important features that must be protected. Establishing the minimum wage was a breakthrough in the fight against poverty, but it will be undermined if the rate becomes subject to political whim.

Perhaps the biggest challenge remaining is poverty, and low pay is just one element. The number of hours worked, job security and opportunities to progress to a better job all matter too. What we need is a strategy to reduce poverty and all its causes. **F**



The Lyons Housing Commission
[Sir Michael Lyons]

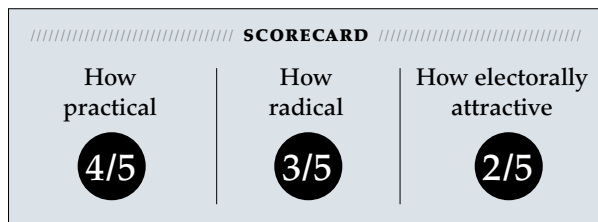
WHAT IT SAYS: Britain is building fewer than half the homes required to meet demand, rent is unaffordable for many and people are unable to join the housing ladder. A key driver of this housing crisis is the rising cost of land and planning permission. The review recommends the creation of a more competitive construction industry, through an expansion of the number of small building companies. Councils should also share borrowing caps so that spare capacity in one area can support house building elsewhere. To tackle the issue of empty homes, local authorities should also curtail the right to buy social housing for buy-to-let purposes.

Tony Clements (London Labour Housing Group)
 Britain’s housing system is fundamentally broken, and the Lyons Review largely succeeds in setting out a full reform of the system. If implemented, Britain will build more homes, in a way that is better planned and with fewer extreme peaks and troughs in new construction.

It recommends striking a better balance between local and central government. Local government, directly and through development corporations, will support new firms into the development industry and will take active measures to accelerate development on private land. This includes tough powers, such as a greater use of compulsory purchase orders.

In one sense the reforms are radical, marking a fundamental change to the status quo. In another, they renew older policy; little in the report would be unfamiliar to housing professionals of the 50s, 60s and 70s, when Britain did build enough homes. Rightly pointing out that a sustainable, mixed economy in housing requires on-going public investment in affordable housing, the review doesn’t say what level of investment is needed or where it should come from. It also falls short of recommending that councils should be freed from the financial shackles that are holding back a new wave of council housing.

The proposed measures will need to be accompanied by strong political leadership as there are few individual measures that are obviously attractive to the public. House building is a long-term business and these reforms will only just be realised within the lifetime of the next parliament. Unless the case for new housing is made effectively, public support may falter before the job is done. **F**



Overcoming Short-termism Within Business [Sir George Cox]

WHAT IT SAYS: The pressure for businesses to deliver quick results to the detriment of their long-term development is an enduring problem in the UK. In addition, the absence of a ‘funding escalator’ for small and medium businesses means that few start-ups are able to develop into large-scale corporations. The review proposes the development of a new industrial strategy, which would involve the incorporation of long-term incentives into the pay of executive and non-executive directors, changes to takeover rules so that businesses can plan for the long-term, greater investment in small and medium enterprises, and improvements to graduate education.

Graham Randles (New Economics Foundation)

The Cox Review, as the report itself concludes, is “a very brief review of a very big topic” which comprises “the start and not the end of the required change.” Recommendations for specific areas are generally made without challenging

the prevailing economic system. For example, while the functioning of the equity markets is identified as a major cause of short-termism, the idea of a Financial Transaction Tax is dismissed on the grounds that it would “damage one of the few industries where the UK is still a global player,” those same equity markets. The suggestions of other tax changes to incentivise long-term shareholdings therefore appear limited and do not address the broader structural issues in the capital markets.

Many recommendations are more cautious than bold and the review often gives careful thought to potential unintended consequences. Sensible suggestions such as abandoning quarterly reporting, previously made by the Kay Review, and changes to executive pay incentives should receive widespread support. Recommendations that build on the successes of existing initiatives, such as the British Business Bank and Share Incentive Plans (SIPs), should not be too controversial but overall do not go far enough.

Greater investment in research and development should be encouraged, but the review does not explore solutions to perhaps the greatest potential risks of short-termism in business: environmental risks associated with climate change and the assumption of unlimited natural resources. That would really begin to address business short-termism. **F**



Independent Commission on Whole Person Care [Sir John Oldham]

WHAT IT SAYS: With rapid population ageing and more people living with long-term health conditions, the British health and care system is falling behind current patterns of need. Led by Sir John Oldham, this review proposes that care should be individualised so that people with complex needs have an advocate to act in their best interest. The NHS should also provide additional training for staff to support changing health and care needs, which should incorporate suggestions provided by the people using health and care services. People should also be given ownership of their own medical records, and more research and development should focus on whole person care.

Caroline Abrahams (Age UK)

This review was much anticipated because while there is a lot of support for the idea of whole person care, many felt they needed more detail on how to achieve it in practice.

Highly intelligent, clear sighted and pragmatic, the report goes with the grain of current thinking about the importance of integrating health and care services and centering them around individuals. There is a welcome emphasis on putting the user at the heart of all decision-making. This might not sound very revolutionary and it isn’t, but changing NHS culture so that this approach is

implemented everywhere for everyone – from older people with long-term conditions to teenagers with mental health problems – is a tough ask.

The Oldham Review does not provide a nuts and bolts blueprint for how to transform the system, but it does give some useful pointers, painting an attractive picture of an improved, coordinated system that rightly regards social care as the equal partner of health care, with appropriate use of case illustrations. It remains important and relevant today, as many of its proposals also fit smoothly into the framework of the NHS’s more recently published report *Five Year Forward View*. **F**



Skills Taskforce [Professor Chris Husbands]

WHAT IT SAYS: Addressing the rising number of young people not in education, employment or training in Britain, this review recommends closing the divide between vocational and academic education and establishing a coherent education and training framework. Alongside the implementation of a technical baccalaureate for 18 year olds, more attention should be paid to developing employees’ skills in the workplace. This requires greater involvement of employers in the design and delivery of training and better collaboration between business and the education sector.

Louise Evans (IPPR)

Many of these recommendations are arguably not that radical or new, but the need to engage and skill-up young people isn’t a new problem either. More importantly, most of its recommendations are difficult to dispute.

The review’s reflection that “keeping young people in education and training must go beyond mere continued attendance”, reiterates the need to think systemically about how to make the upcoming rise in the age of participation to 18 meaningful. It is right to focus on improving the quality of vocational education, as international evidence shows that systems with strong vocational education allow young people to progress more easily into the labour market.

The review’s proposal for a ‘something-for-something’ offer for employers would give them direct funding and more involvement in qualification design in return for their delivery of higher quality apprenticeships. The current government’s ‘trailblazers’ process and proposed funding reforms pursue a similar direction. Increased employer involvement and responsibility is right, but how this is achieved consistently and simply is critical to success.

The review is comprehensive and compelling, but, as with any review, how the recommendations are implemented is ultimately more important. Ensuring ‘Institutes of Technical Education’ are more than a name change and

are supported and held to account for delivering ‘gold standard’ technical education is vital, as is ensuring a new National Baccalaureate engages young people in deeper, more relevant learning rather than just posing another layer of qualification reform. **F**



Mending the Fractured Economy [Lord Andrew Adonis]

WHAT IT SAYS: Productivity in the UK is one fifth lower than the G7 average. Research and development investment also lags behind the OECD average, and 80 per cent of all net jobs created since 2010 are in London. The review proposes a strengthened Innovation and Industrial Strategy, with long-term funding for state-supported scientific research and innovation, and a ten-year strategy to capitalise on research led by a Technology Strategy Board. The strategy would support new businesses outside of London and the south east, providing funding to SMEs and tripling the level of funding to city and county regions to £6bn per year.

Christian Wolmar (potential London Mayoral candidate, 2016)

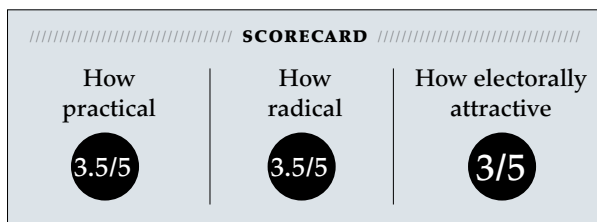
As expected of a report written by Andrew Adonis, this is a comprehensive and well-argued document. However, its very thoroughness leads to something of a scatter-gun approach that would make total implementation difficult.

That said, there is no shortage of manifesto-ready ideas. Adonis rightly sees the skills shortage and lack of apprenticeship opportunities as key to both the UK’s economic success and the reduction in youth unemployment. Precisely because he wants much of this programme to be quickly implementable, he shies away from reforming the whole sector.

For example, rather than arguing for the abolition of local enterprise partnerships, set up as ‘in haste’ by the coalition, he argues for their reform with a far wider membership encompassing universities and local authorities. More radically, Adonis argues for greater local control over revenue raising and spending, something that – following the promises made over Scottish devolution – should be part of Labour’s programme for 2015.

There is, however, one glaring lacuna that considerably weakens the document. The workers themselves are predominantly mentioned as passive recipients of whatever is on offer, rather than as active participants in the workforce. There is no discussion regarding the potential of trade unions to take a more active role, nor is the living wage mentioned.

The report therefore ignores issues around the low pay, low skills model that is being actively pursued by the coalition government, and which is at the heart of the skills shortage he decries. **F**



The Case for a British Investment Bank [Nick Tott]

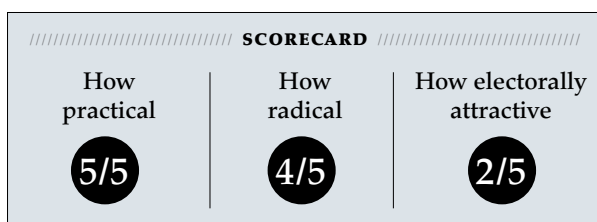
WHAT IT SAYS: Most new jobs in the UK are created by small businesses. However, market failure has stalled SME financing, many of which are being provided loans at higher rates that are subject to over-collateralisation. This review proposes greater government intervention to increase SME financing options. A British Investment Bank would provide sustainable, long-term investment for SMEs and would work alongside a Green Investment Bank to provide a steady funding stream. An Advisory Council with executive authority over the Investment Bank (including business, unions, government and other members) would ensure transparency and accountability.

Duncan O’Leary (Demos)

Labour governments need a story about wealth creation, not just wealth distribution. In this respect, this is one of the more important pieces of work conducted for Labour in opposition.

It was radical in its proposition to create a new financial institution in Britain, despite the fact that similar institutions exist in most other advanced economies. Since the report’s publication, Vince Cable has established a British Investment Bank (BIB), despite scepticism from his Conservative colleagues. The BIB is backed by around £4bn, making it small by international standards, but not insignificant during this time of austerity. However, the BIB, as currently constituted, does not have a tangible presence – it is a funding stream that works through existing lenders. This makes it a relatively abstract concept for most voters to identify with.

The report is particularly interesting where it connects with local identities and real institutions. Labour is committed to creating a network of regional banks, designed to promote economic growth in poorer parts of the country. This proposal allows Labour to explore new terrain and ask why, for example, there is a small business for every 23 people in the south east, but only one for every 42 people in the north east. Such questions are important to voters because they are tangible – and they matter. A reformed BIB could act as a ‘parent’ for this new network of local institutions. In 2012 Nick Tott didn’t quite go this far, but in 2015 Labour could. **F**



Putting Students and Parents First [David Blunkett MP]

WHAT IT SAYS: The centralised governance structure of the UK education system has contributed to falling school standards in recent years, and over 250,000 schools are currently rated ‘inadequate’ by Ofsted. This report proposes to end centralisation, introducing Directors of School Standards to provide local oversee school improvement regionally. Stakeholders should have more involvement in the commissioning of new schools, and schools should be encouraged to join a partnership, through a Community Trust model. Other recommendations include greater funding transparency and a new curriculum advisory board.

Jon Wilson (King’s College London)

This is a compelling diagnosis of a school system that is increasingly fractured and micro-managed by Whitehall. The report argues that a coherent and accountable school system cannot function with a top-down management structure. Instead, monitoring must be local to be effective.

Although highly critical of Whitehall’s hubristic capacity to ‘drive’ improvement, the report is not confident that towns and cities are prepared to take over, and offers no improvement strategy. Directors of Schools Standards are another bureaucratic institution relying on a single ‘leader’ to drive change. Instead, what is needed is a major shift in the expectations, attitudes and actions of people who can make a difference across society.

The peculiarity of education in Britain is that we still accept a level of inequality we wouldn’t tolerate in other spheres. The report isn’t angry enough about the failure of our current system to support disadvantaged children. Routes into gainful work are still very bad. The fact only 63 per cent of 16 year olds get five Cs or above at GCSE is a catastrophe. The inequalities of work experience, where rich kids secure fulfilling jobs while poor kids stack supermarket shelves, is a scandal.

The big idea here isn’t big enough. Certainly, Gove’s centralisation needs to be radically unraveled, but Blunkett is too nervous about local forces driving improvement to propose a massive cut in regulation. Parents, teachers and their unions, community organisations and businesses need to take responsibility, not just a few school leaders. We need a movement, not just another management tweak. **F**



Feature compiled by Rebecca Staddon

To read all Labour’s policy review reports
www.yourbritain.org.uk/agenda-2015/policy-review

Books

The Fabian Review's essential political books of 2014

1. When Emily Thornberry tweeted a picture of a house in Kent draped in St George's Cross flags, it wasn't just a momentary lapse in manners which led many to feel the episode was so damaging. The tweet gave life to a sense that our professional political classes are adrift from many expressions of civic and cultural identity in England today.

At the time I reflected on *Please, Mister Postman*, the sequel to Alan Johnson's well-received *This Boy*, which tells the story of his 20 year career as a postman and trade union official, before being elected MP for Hull West and Hessle in 1997. As one of his former constituents, I was aware of the broad strokes of Johnson's life before entering parliament. However, the detail here is illuminating and observations on the changing face of post-war Britain are reflective without succumbing to wistfulness for a bygone era.

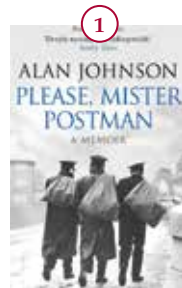
The steady, functional style of Johnson's prose is not that of a racy political memoir nor an academic treatise. But at a time when there is no shortage of those things in the Labour party, the everyday qualities of the story are charming and refreshing. In the late 1960s when New Left agitator Tariq Ali was calling to 'abolish money', Johnson observes that, at 18 years old and soon to be married with two children, he just "needed to earn the bloody stuff".

Discussion of Johnson's memoirs will understandably centre on his remarkable journey from the slums of post-war London to high politics, particularly since many find this route into politics closed today. But this is also a book about the politics of the ordinary – something which, to our cost, is now in short supply. **F**

Rob Tinker is senior researcher at the Fabian Society

2. *This Changes Everything* is arguably the most important non-governmental contribution to a crucial year for climate change, building up to UN talks in Paris in 2015. To Klein, climate change is a wake-up call to civilisation. In the face of the vested interests of capital and our collective indifference towards the planet, she attempts to do something as laudable as it is politically astute: repack-age a global ecological crisis into a golden opportunity to transform our economy and society for the better.

Infiltrating the Heartland Institute, the den of America's most powerful climate change deniers, she smokes out the crisis at the heart of neoliberalism. As Lord Stern has commented, "climate change is a result of the greatest market failure the world has seen". Emissions are rising so rapidly that we are now on track for a temperature rise of 4C by the century's end. Yet capital's thirst for fuel and resources remains as unquenchable as it is unsustainable.



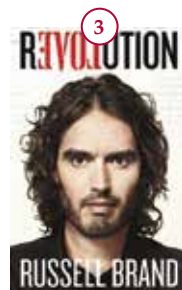
Please, Mister Postman

Alan Johnson
(Bantam Press,
£16.99)



This Changes Everything: Capitalism vs the Climate

Naomi Klein
(Allen Lane, £20)



Revolution
Russell Brand
(Century, £20)

But Klein showcases the alternative voices who point the way to the zero-carbon economy we need: the divestment movement; anti-fracking campaigners in New York and Balcombe; indigenous peoples; Chinese anti-pollution activists and grandmothers on anti-mining rallies on the Greek island of Ierissos. These are the countervailing forces which Richard Wilkinson also addressed in his recent Fabian pamphlet *A Convenient Truth*. Like Wilkinson, Klein heralds spaces of community-based, participatory democracy (the Transition Town, the trade union meeting) as important sites of resistance to the corporate-state power nexus.

Will climate change activists be able to unite these social movements under a comprehensive political strategy? Despite her optimism, Klein doesn't quite succeed in pulling together the many threads. But she puts climate change back on the political agenda and shows that it's a fight we can win. **F**

Anya Pearson is assistant editor at the Fabian Society

3. If Thomas Piketty was born in Essex and married Katie Perry he might have written a book like *Revolution*. Russell Brand's first foray into political writing is part manifesto, part memoir, part polemic and a stand out contender for political book of 2014.

Roughly chronological, *Revolution* follows Brand's personal political journey from a teenager obsessed with buying as much as possible from the Lakeside shopping centre in Grays, to a man who goes on Newsnight to call for the overthrow of global capitalism. I say roughly, because the book is packed with verbose tangents, anecdotes within anecdotes and digressions that mean you can lose Brand's opening point until he picks it up again three pages later.

This stream of consciousness style works mainly because it is funny. Dotted throughout the sprawling prose are some razor-sharp one liners, which made me smile and occasionally laugh out loud. The Kyoto agreement was the "equivalent of giving Fred West a detention", arrests are "like STD tests" and the global elite inhabit a "bejewelled double decker bus".

What I like most about *Revolution* is that it is personal and heartfelt. Brand talks about how alienating and unfulfilling he has found consumerism rather than condemning it from an imaginary moral high ground. He is angry and passionate and engaged with his subject matter – refreshing given how detached political writing can be. Even the parts I didn't agree with (I remain dubious about the power of yoga) were entertaining or thought-provoking.

I'm not sure if it was the self-deprecating style or the funny gags, but I had much more time for Russell Brand after reading his book. Even if you disagree with his rallying cry not to vote, this account of disenchantment with modern politics is compelling, popular and rarely boring. **F**

Carys Afoko is adviser to Lisa Nandy MP

4. 2014 was the year that UKIP stopped being a side-show and became the main event. They handily won the European elections, gained their first two elected MPs and troubled the counsels of the mighty in Labour and Tory HQs. Their rise to prominence has seemed, at times, unstoppable. When attention focused on the misdemeanours and 'fruitcakery' of local council candidates – as well as their far-right links – the party shrugged it off and claimed 161 new council seats.

Ford and Goodwin begin by mapping UKIP's journey from its anti-federalist league beginnings under Alan Sked, through its slow accretion of power in European politics over the last 20 years. But it is the analysis of UKIP's voters that makes *Revolt on the Right* required reading. UKIP is often portrayed in the media as a one-man band but the undoubted charisma of Nigel Farage, pint and fag in hand, is not a sufficient cause of their emergence into the mainstream.

Ford and Goodwin point to UKIP's support amongst 'left-behind' voters – those who are older, lower skilled, and who have had less educational advantages. As the main political parties turned their attention away from these voters to woo the burgeoning, well-educated centre, a void emerged that UKIP astutely filled. They have become the vessel for an unrepresented and angry mass of voters who feel no mainstream party speaks for them or to them.

This is a troubling conclusion for all party leaders. A new political force has emerged and it is angry. Angry with politicians who don't look like them or sound like them. Far from being an extremist fringe that will hamper David Cameron's re-election chances, UKIP has the disturbing potential to challenge Labour's claim to be the party for the voiceless and the excluded. **F**

Richard Speight is cabinet member for communities in Thurrock

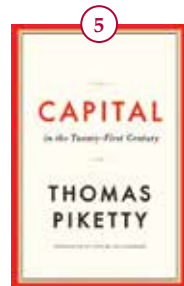
5. The dramatic impact of Thomas Piketty's *Capital in the Twenty-First Century* is partly down to the sheer reach of its raw material. The product of years of research conducted in partnership with other scholars, including Tony Atkinson at Oxford, this provides a unique archive of international data charting the long evolution of inequality. It is this groundbreaking work, already published in the extensively used online World Top Income Data Base, which has provided the hard evidence for Piketty's central thesis: that today's pro-market economic model has an in-built tendency to generate ever growing levels of inequality. This is because of what he calls 'a fundamental force for divergence': that the return on capital (r) – dividends, interest, rents and capital gains – nearly always exceeds growth in the overall economy (g).

This follows from the way the top one per cent, as owners of capital, are able to leverage their super-salaries and



Revolt on the Right: Explaining Support for the Radical Right in Britain

Rob Ford and Matthew Goodwin (Routledge, £14.99)



Capital in the Twenty-First Century

Thomas Piketty (Harvard University Press, 2014)



On Liberty

Shami Chakrabarti (Allen Lane, £17.99)

accumulated wealth, thus accumulating an ever-greater slice of the pie, leaving less and less for everyone else.

While reviews have compared Piketty's work with that of Adam Smith, Karl Marx and John Maynard Keynes, especially in the United States, he is not without critics, from right and left. Some have questioned his data, others the deterministic character of his thesis, although no-one has yet landed a significant punch. Whether Piketty's 'rock star' status and the book's voluminous sales will help steer capitalism in a more progressive direction remains to be seen. But *Capital* has undoubtedly added momentum to the urgency of the inequality debate, giving intellectual ballast to the social democratic case for the fundamental reform of capitalism and exposing big holes in contemporary economic orthodoxy. The debate on contemporary capitalism will never be quite the same again. **F**

Stewart Lansley is the author (with Joanna Mack) of Breadline Britain: the rise of mass poverty, published in 2015

6. Like John Stuart Mill's 1859 treatise of the same name, *On Liberty* is a timely wake-up call. But while Mill was an establishment figure deploying the philosophical reasoning of utilitarianism to decry tyranny, Chakrabarti engages in a direct attack from the frontline. Formerly a Home Office high-flyer, as director of Liberty she speaks out against growing numbers who attack Britain's human rights framework, whether out of ignorance, contempt, fear or (perceived) duty.

The target list for Chakrabarti's wrath is formidable, and includes: "British politicians who frequently and conveniently balk at our unelected judges"; and also ASBOs, the Government's sop to those plagued by anti-social behaviour; legal aid cuts; and secret tribunals, which undermine rule of law by "making it too complicit with administration in general and the secret state in particular".

Chakrabarti rightly identifies the proposed extension of pre-charge detention to 42 days – passed in the Commons but quietly defeated in the Lords – as a vital red line. Of course government should take very seriously the opinion of the police force, who were largely in support of this proposal. But it must be up to ministers to come to their own conclusions. In any case, many police believed it was the wrong policy, undermining their task of winning invaluable support in Muslim communities.

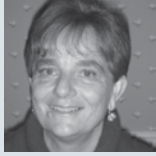
On Liberty is a must-read because Chakrabarti sets out so convincingly – and so worryingly – the direction of travel. In response to terrorism we are steadily removing the cornerstones that make Britain a country worth defending. The recent Counter-Terrorism and Security Bill is yet another case in point. Many have forgotten that the European Convention on Human Rights was forged, post-second world war, on the recognition that human rights are a muscular imperative for enduring stability and security. Could we suggest a sequel therefore, on how to rebuild wider support for our long-standing core values? **F**

Frank Judd is Labour member of the House of Lords and former Chair of the Fabian Society

Nicole Piché is co-ordinator and legal advisor of the All-Party Parliamentary Human Rights Group

Local heroes

Deborah Stoate looks back on the rich history of our local societies



As any fule kno, the first local Fabian societies were founded on 19 February 1885 following a suggestion by Annie Besant who was keen to “carry socialism to the unconverted all over the country”. Due to her enthusiasm, they emerged all over Britain (particularly in London) but the average life of local groups founded before 1895 was less than two years. The Leicester Society failed, according to the secretary’s minutes, because it “attracted only working class socialists and lacked the middle class members who always did the organisational work”. The most successful society was Liverpool, which had over 100 members and whose services included a bureau for the unemployed and skills training.

However, many societies in the 1890s died, possibly when the first glow of enthusiasm faded with the tedium of listening to ‘dull’ speakers. As Bernard Shaw noted in his minutes: “Dreadfully dull meeting. Wilson yawning like anything. No wonder. Infernal draught from the window. Coffin fidgeting. Somebody making a dreadful noise like the winding of a rusty clock. Mrs Bland [E. Nesbit] suspected of doing it with the handles of her fan. Wish she wouldn’t. Two or three meetings like this would finish up any Society’. I’m sure everyone has attended similar meetings – plus ça change.

Perhaps the glory days of the local societies (apart from now of course!) was during the second world war. Wartime disruption naturally threw social and economic problems into sharp relief, so some base for discussing ways of recreating society after the war was obviously needed. Local societies came into their own to fill the policy gap. Dorothy Fox, the full time secretary to the Propaganda committee, managed to establish 60 new societies in 1942 including a Nigerian branch in Lagos. When Arthur Creech Jones visited the latter in 1944, he was greeted with great acclaim by 1500 members. Overcoming the “great emotion” this caused him, he delivered a speech calling for co-operation among the people and the extermination of

ignorance, illiteracy, and superstition which stood in the way of good health, education and democratic self-government. Societies were also inaugurated in Bombay, Boston and San Francisco. The Australian Fabian Society, formed in the 1980s is still going strong.

In 1945, Labour MPs were expected to speak to Fabian societies in their constituencies and reinvigorate them if necessary. Indeed, many MPs first encountered the Labour party through their local or university Fabian Society. In return the local societies became the eyes and ears of the party, feeding information back to their MPs regarding their constituents’ needs and opinions on government measures and helping to counter ill-informed criticism. At about this time the long tradition of the annual House of Commons tea started, although I am unable to find a record of when the first one was held. This Fabian institution may unfortunately have to end in 2015 as the House of Commons has decided to charge (exorbitantly) for dining rooms, which may preclude holding the event again.

The local societies are the backbone of the national Fabian Society. There are currently 62 throughout England, Scotland and Wales. However, it seems that socialism took up rather more evenings for members in previous decades, particularly those of the Central London Fabian Society in the 1950s. June Solomon tells me that the Society in the 50’s had over 100 members, weekly political meetings in Dean St, Soho with monthly tea dances, art and theatre meetings and weekend rambles. Members also attended summer schools. She met her future husband John on CLFS’s Social committee in 1956. It seems to me that the Fabians were responsible for putting the social in socialism in what was a bleak period of austerity.

While maybe not organising tea dances – the local societies keep going, somewhat against the odds. Portsmouth celebrated its centenary this year with a series of special lectures. Bournemouth and District have been in existence since 1892 and have had monthly meetings for the last 48 years. Other long-lived and successful societies include Brighton and Hove, Chiswick and West London, Liverpool and Grimsby. As each society continues to flourish, I’d like to thank everyone involved. You are part of what A.H. Halsey described as “that great tradition of strong, generous hearted public spirited vein of classical Fabianism”. Congratulations, and keep it up! **F**

Deborah Stoate is local Fabian societies officer

FABIAN QUIZ



ON LIBERTY

Shami Chakrabarti

On 11 September 2001, our world changed. The West’s response to 9/11 has morphed into a period of exception. Governments have decided that the rule of law and human rights are often too costly. In *On Liberty*, Shami Chakrabarti – who joined Liberty, the UK’s leading civil rights organization, on 10 September 2001 – explores why our fundamental rights and freedoms are indispensable. She shows, too, the unprecedented pressures those rights are under today. Drawing on her own work in high-profile campaigns, from privacy laws to anti-terror legislation, Chakrabarti shows the threats to our democratic institutions and why our rights are paramount in upholding democracy.

Penguin has kindly given us five copies to give away. To win one, answer the following question:

In the late 1500s, which famous historical figure was reported by the tax collector of Bishopsgate, London, for failing to pay five shillings worth of taxes?

Please email your answer and your address to: review@fabian-society.org.uk

Or send a postcard to: Fabian Society, Fabian Quiz, 61 Petty France, London, SW1H 9EU



ANSWERS MUST BE RECEIVED NO LATER THAN 2 MARCH 2015

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Regular meetings. Contact Alan Scutt on 0208 304 0413 or alan.scutt@phonecoop.coop

BIRMINGHAM

26 November. Adam Quinn and Professor Kemal Hawwash from Birmingham University on 'The Middle East. New Challenges'. 11 December. Liam Byrne MP on 'China. New Opportunities'. Both at 7.00 at Priory Rooms, 40 Bull St, Birmingham B4 6AF. For details and information, please contact Andrew Coulson at Andrew@CoulsonBirmingham.co.uk

BOURNEMOUTH & DISTRICT

28 November. Lena Samuels, PPC for New Forest West on 'The NHS and Policing. More Change on the Horizon?' 30 January. Kim Fendley, PPC for North Dorset on 'Are professional politicians and the elites destroying the future of our Democracy?' Meetings at The Friends Meeting House, Wharnclyffe Rd, Boscombe, Bournemouth at 7.30. Contact Ian Taylor on 01202 396634 for details or taylorbournemouth@gmail.com

BRIGHTON & HOVE

28 November. Marcus Roberts, Deputy General Secretary, Fabian Society on 'Labour's Next Majority. Challenges and Opportunities'. 800 at the Friends Meeting House, Ship St, Brighton. Details of all meetings from Ralph Bayley: ralphbayley@gmail.com

BRISTOL

Regular meetings. Contact Ges Rosenberg for details on grosenberg@churchside.me.uk or Arthur Massey 0117 9573330

CAMBRIDGE

Contact Cambridge Fabians at cambridgefabians@gmail.com www.cambridgefabians.org.uk www.facebook.com/groups/cambridgefabiansociety

CENTRAL LONDON

Details from Giles Wright on 0207 227 4904 or giles.wright@fabians.org.uk

CHATHAM and AYLESFORD

New Society forming. Please contact Sean Henry on 07545 296800 or seanhenry@live.co.uk

CHISWICK & WEST LONDON

4 December. AGM and Sara Ibrahim on 'Equality. Where next for Labour?'. All meetings at 8.00 in Committee Room, Chiswick Town Hall Details from Monty Bogard on 0208 994 1780, email mb0141f362@blueyonder.co.uk

COLCHESTER

22nd January. Tom Greatrex MP speaking on energy policy at 7.15pm for 7.30pm start. All meetings at Friends Meeting House, Church St., Colchester Details from John Wood on 01206 212100 or woodj@madasafish.com or 01206 212100

CUMBRIA & NORTH LANCASHIRE

Meetings, 6.30 for 7.00 at Castle Green Hotel, Kendal. For information, please contact Dr Robert Judson at dr.robertjudson@btinternet.com

DARTFORD & GRAVESHAM

Regular meetings at 8.00 in Dartford

Working Men's Club, Essex Rd, Dartford Details from Deborah Stoaite on 0207 227 4904 email debstoaite@hotmail.com

DERBY

Details for meetings from Alan Jones on 01283 217140 or alan.mandh@btinternet.com

DONCASTER AND DISTRICT

New Society forming, for details and information contact Kevin Rodgers on 07962 019168 email k.t.roddgers@gmail.com

EAST LOTHIAN

Details of all meetings from Noel Foy on 01620 824386 email noelfoy@lewisk3.plus.com

EDINBURGH

Regular Brain Cell meetings. Details of these and all other meetings from Daniel Johnson at daniel@scottishfabians.org.uk

EPSOM and EWELL

New Society forming. If you are interested, please contact Carl Dawson at carldawson@gmail.com

FINCHLEY

27 November. Michael Meacher MP on 'What Should be our Economic Policy for Government?', 8.00pm at The Blue Beetle, Hendon Lane N3 1TS Enquiries to Mike Walsh on 07980 602122 mike.walsh44@ntlworld.com

GLASGOW

Now holding regular meetings. Contact Martin Hutchinson on mail@liathach.net

GLOUCESTER

Regular meetings at TGWU, 1 Pullman Court, Great Western Rd, Gloucester. Details from Malcolm Perry at malcolmperry3@btinternet.com

GREENWICH

Please contact Chris Kirby on cackirby@hotmail.com

GRIMSBY

16 November. Andrew Harrop, Fabian Society General secretary on 'How the Next Labour Manifesto can Reshape Britain' 23 January Nick Dakin MP on 'Education' Regular meetings. Details from Pat Holland - hollandpat@hotmail.com

HARROW

Details from Marilyn Devine on 0208 424 9034. Fabians from other areas where there are no local Fabian Societies are very welcome to join us.

HASTINGS and RYE

Meetings held on last Friday of each month. Please contact Jean Webb c/o the Fabian Society, 61 Petty France

HAVERING

20 November. Cllr John Biggs 7.30 at Billet Studio, Fairkytes Arts Centre, opp Queens Theatre 3 December. Sam Gould on 'An English Parliament'. 8.00 at Saffron House. Details of all meetings from David Marshall email david.c.marshall@talk21.com tel 01708 441189 For latest information, see the website havigfabians.org.uk

IPSWICH

27 November. Lord Roger Liddle on 'The Europe Dilemma'. 7.30 at Ipswich Library. Details of all meetings from John Cook: contact@ipswich-labour.org.uk twitter.com/suffolklabians

ISLINGTON

Details from David Heinemann: dbheinemann@yahoo.co.uk

LEEDS

Details of all meetings from John Bracken at leedsfabians@gmail.com

MANCHESTER

Society reforming. Details from Rosie Clayton on mcrfabs@gmail.com www.facebook.com/ManchesterFabians Twitter @MCR_Fab

The MARCHES

Society re-forming. If you are interested, please contact Jeevan Jones at jeevanjones@outlook.com

MERSEYSIDE

Please contact Hetty Wood at hettyjay@gmail.com

MIDDLESBOROUGH

Please contact Andrew Maloney on 07757 952784 or email andrewmaloney@hotmail.co.uk for details

MILTON KEYNES

Anyone interested in helping to set up a new society, contact David Morgan on jdavidmorgan@googlemail.com

NEWHAM

Contact Tahmina Rahman: tahmina.rahman_1@hotmail.com

NORTHUMBRIA AREA

For details and booking contact Pat Hobson: pat.hobson@hotmail.com

NORTHAMPTON AREA

Please contact Dave Brede on davidbrede@yahoo.com

NORTH STAFFORDSHIRE

Please contact Richard Gorton on r.gorton748@btinternet.com

NORWICH

Society reforming. Contact Andreas Paterson - andreas@headswitch.co.uk

NOTTINGHAMSHIRE

Details from Lee Garland: secretary@nottsfabians.org.uk, www.nottsfabians.org.uk, twitter @NottsFabians

OXFORD

Please contact Michael Weatherburn at michael.weatherburn@gmail.com

PETERBOROUGH

Meetings at 8.00 at the Ramada Hotel, Thorpe Meadows, Peterborough. Details from Brian Keegan on 01733 265769, email brian@briankeegan.demon.co.uk

PORTSMOUTH

26 November: Sue Mullan on 'The NHS in Portsmouth' Details from Dave Wardle at david.wardle@waitrose.com

READING & DISTRICT

For details of all meetings, contact Tony Skuse on 0118 978 5829 email tony@skuse.net

SHEFFIELD

Regular meetings on the 3rd Thursday of the month at The Quaker Meeting House, 10, St James St, Sheffield.S1 2EW Details and information from Rob Murray on 0114 255 8341or email robertjmurray@hotmail.com

SOUTH EAST LONDON

Contact sally.prentice@btinternet.com

SOUTH WEST LONDON

Contact Tony Eades on 0208487 9807 or tonyeades@hotmail.com

SOUTHAMPTON AREA

For details of venues and all meetings, contact Eliot Horn at eliot.horn@btinternet.com

SOUTH TYNESIDE

Contact Paul Freeman on 0191 5367 633 or at freemanpsmb@blueyonder.co.uk

SUFFOLK

27 November. Lord Roger Liddle on 'The Europe Dilemma' 7.30 at Ipswich Library Lectur4e Hall Details from John Cook - ipswichlabour@gmail.com, www.twitter.cdom/suffolklabians

SURREY

Meetings at Guildford Cathedral Education Centre at 3.00pm Details from Robert Park on 01483 422253 or robert.park.woodroad@gmail.com

TONBRIDGE and TUNBRIDGE WELLS

12 December. Christmas Social. 16 Jan. Baroness Dianne Hayter on 'Labour and the Voice of the Consumer'. 8.00 at 12 Broadwater Down, Tunbridge Wells. Contact John Champneys on 01892 523429

TOWER HAMLETS

Regular meetings. Contact: Chris Weavers, chris-weavers@hotmail.com or towerhamletsfabiansociety@googlemail.com

TYNEMOUTH

Monthly supper meetings, details from Brian Flood on 0191 258 3949

WARWICKSHIRE

All meetings 7.30 at the Friends Meeting House, 28 Regent Place, Rugby Details from Ben Ferrett on ben_ferrett@hotmail.com or warwickshirefabians.blogspot.com

WEST DURHAM

Welcomes new members from all areas of the North East not served by other Fabian Societies. Regular meeting normally on the last Saturday of alternate months at the Joiners Arms, Hunwick between 12.15 and 2.00pm - light lunch £2.00 Contact the Secretary Cllr Professor Alan Townsend, 62A Low Willington, Crook, Durham DL15 0BG, tel, 01388 746479 email Alan.Townsend@dur.ac.uk

WIMBLEDON

Please contact Andy Ray on 07944 545161or andyray@blueyonder.co.uk

YORK

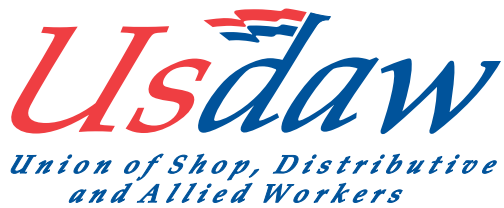
Regular meetings on 3rd or 4th Fridays at 7.45 at Jacob's Well, Off Miklegate, York. Details from Steve Burton on steve.burton688@mod.uk



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To join Usdaw visit: www.usdaw.org.uk or call: **0845 60 60 640***

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General Secretary: John Hannett
President: Jeff Broome

*calls charged at local rate