

A NATION IN DIFFICULTY: LIVED EXPERIENCE UNDER POLYCRISIS

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Disclaimer: The views in this paper are personal views of the authors and are not representative of any organisations to which they are affiliated.

ABSTRACT

The paper shows how the current complex and multifaceted crisis in the UK maps onto the serious difficulties many people are having to face in their day to day lives. It unpacks the components of the polycrisis using the lens of local lived experience. Since the financial crash, Brexit and the pandemic; tight fiscal rules to “placate” the international financial markets have continued to impose limits on government policy. Under these conditions, a combination of privatisation and unrelenting austerity has seen the public service realm decimated and taken inequality to a point where significant poverty and destitution exist.

We explore how the digital transformation sets a background context for some of this through its impact on the labour market and how present conditions can limit pathways to future growth. Finally, looking at the role of the government in dealing with these problems in the last decade, we discuss how clear dysfunctions in a highly centralised, silo-structured system of governance can limit an ability to grapple with the complex, multi-layered and highly connected world of the digital era.

THE UK POLYCRISIS ROLLS ON AND INTENSIFIES AUSTERITY

“FISCAL RESPONSIBILITY” AND ITS OUTCOMES FOR PEOPLE AND PLACES

In February 2023 our last paper looked at a period of what we called “polycrisis” and the impact of the short-lived Truss administration on making things worse for the UK, we might have thought that things would settle down. Indeed, it was the stated ambition of the new administration under Sunak as Prime Minister with Hunt as his Chancellor that the financial chaos they had inherited would quickly be resolved, and things would settle down². As we now see a year later, this was a rather naïve expectation.

Against a backdrop of high inflation, the national economy is doing no better than holding steady and according to the Bank of England, GDP will remain at the same level until at least 2025³. The deflationary medicine of high interest rates is having the desired effect and national inflation rates are falling but with concerns that, without careful judgement, there is a danger of recession.

National government is still in disarray. Yet another government reshuffle involved the sacking of Suella Braverman, the reappearance of David Cameron and yet more reallocation of Ministerial briefs⁴. “Stop

¹ Please cite as: Peter Lloyd and Michael Blakemore (2023) *A Nation in Difficulty: Lived Experience Under Polycrisis*, <https://www.peter-lloyd.co.uk/papers-and-blogs/>

² “Rishi Sunak has vowed to make Britain “the best place in the world to do business” as he criticised “naysayers” on the economy”. <https://www.independent.co.uk/business/sunak-vows-to-unleash-businesses-as-he-denounces-economy-naysayers-b2406767.html>

³ BoE Update, 3 November

⁴ <https://www.bbc.co.uk/news/live/uk-politics-67370421>

the boats” has become an over-riding preoccupation and the Supreme Court judgement on the illegality⁵ of the Rwanda project provoked yet more sloganizing and yet another Ministerial resignation⁶.

Rising inflation has become a feature of the western economies generally with the energy crisis, Putin’s war and the tragic events in the Middle East are seeing bond yields rise while disruption to global trade and supply chains after the pandemic continues on. In the case of the UK, all this could not have come at a worse time with the hoped-for post-pandemic recovery stalled and Brexit having delivered few of its promised benefits⁷. Real wages and productivity have been flat for a decade and austerity-blighted public services have been increasingly unable to cope.

Remarkably, in the recent Autumn Statement these conditions are set to continue. Real wages are not set to return to 2008 levels until 2028⁸ and there is to be a further squeeze on public expenditure in non-protected areas. Local authorities are being handed an annual cut of 3.45 percent for five years with many even in affluent regions, already close to their financial limits⁹.

A generalised air of rolling crisis and uncertainty has not been helped by continuing labour unrest. Far from things settling down, we have been faced with strikes in transport, education, health, and the legal system¹⁰. More recently, there has been hard evidence of the impact of post-crash austerity on the physical state of schools¹¹, hospitals and other public buildings that were denied necessary capital funding for over a decade. Major schemes like the so called “40 new hospitals”¹² and the northern extension of HS2¹³ either failed to materialise or were cancelled. All this is taking place against a general backdrop of failing public services (what Tim Harford calls a ‘doom loop’¹⁴), sharply increasing living costs and general disillusion with the political process.

What makes things particularly challenging for dealing with all this, is that the government and the Bank of England, chastened by recent experience, have been careful to shape post-Truss economic and fiscal policy in the UK on classic lines to avoid giving negative signals to fast-reacting global financial markets. Faced with sharply rising inflation, interest rates¹⁵ have been raised month by month (13 times and now holding steady) and public spending is scheduled to be squeezed still further¹⁶.

Of course, while policy is framed in broad national terms, *inflation is geographically variable*. The Greater South East is seen by a Centre for Cities study as being in a better position while many cities and large towns in the North, Midlands, and Wales are more negatively impacted¹⁷. As we shall discuss later, many regions and localities can be considered as already experiencing the *stagflation* that concerns the Bank of England should interest rate policy not be carefully judged.

⁵ <https://www.reuters.com/world/uk/what-is-uks-rwanda-migrant-deportation-plan-2023-11-15/>

⁶ <https://www.theguardian.com/politics/2023/dec/06/robert-jenrick-quits-as-immigration-minister-after-rwanda-bill-published>

⁷ <https://ifs.org.uk/publications/brexit-and-uks-public-finances>

⁸ <https://obr.uk/efo/economic-and-fiscal-outlook-november-2023/>

⁹ <https://www.theguardian.com/politics/2023/nov/26/jeremy-hunt-budget-cuts-chancellor-threat-flagship-councils-england-bankrupt> <https://news.sky.com/story/why-are-councils-going-bankrupt-13018122>

¹⁰ https://en.wikipedia.org/wiki/2022%E2%80%932023_United_Kingdom_industrial_disputes_and_strikes

¹¹ <https://www.theguardian.com/education/2023/aug/23/staggering-incompetence-dfe-under-fire-new-school-buildings-closed> <https://commonslibrary.parliament.uk/research-briefings/cbp-7375/>

¹² <https://www.bbc.co.uk/news/health-65712109>

¹³ <https://www.instituteforgovernment.org.uk/explainer/hs2-costs> but also note the controversy over calculating cost-benefits for major infrastructure projects <https://www.ft.com/content/fd7fe0bb-5fbc-49b4-bed7-7618348b3bcc>

¹⁴ <https://www.ft.com/content/962c3194-4ac4-468d-bf1a-7c62abc8a401>

¹⁵ <https://www.bankofengland.co.uk/explainers/why-are-interest-rates-in-the-uk-going-up>

¹⁶ <https://www.bbc.co.uk/news/uk-67385385>

¹⁷ <https://www.centreforcities.org/reader/out-of-pocket-the-places-at-the-sharp-end-of-the-cost-of-living-crisis/there-is-a-geography-to-the-cost-of-living-crisis/>

Against this complex context, workers in the public services nationally have been told that “there is no more money” and that any move toward restoring the real value of their wages will inevitably further stoke inflation¹⁸. The Truss event may have been something of an aberration, but it did show just how quickly and damagingly the markets can react to what they see as the wrong messages from Ministers. This still dominates UK economic policy on a day-to-day basis¹⁹. We now see Labour having to preface their programme with the usual caveats, rolling out the strapline of having its own “Iron Chancellor”²⁰.

The reality is that the UK now finds itself in a position all too familiar to many developing countries where they must continually “placate the markets” even while watching crises unfold that can risk economic growth and stability in civil society for lack of funds. Given that the underlying forces working through a post-Brexit UK offer limited prospects of a strong post-pandemic recovery, demonstrating fiscal probity and raising interest rates to tackle inflation have little resonance for a domestic population under pressure on so many fronts – as recent opinion polls show²¹.

POLYCRISIS UNPACKED

TRYING TO MAKE SENSE OF A COMPLEX MULTIDIMENSIONAL CRISIS.

The purpose of this paper is to show just how *complex and inter-related* the polycrisis is and how this maps onto the difficulties people are having to face in their day to day lives. Two classic examples are easy to relate. First, capacity limitations in the residential care sector preventing discharge lead to bed blocking in acute hospitals²². Upstream, this produces problems for casualty units to transfer patients to wards, to queuing ambulances at the front door and to delayed callouts to emergencies. Alongside long queues for a GP appointment, these widely shared negative stories can feed into people putting off an early doctor’s visit when problems present themselves. Around the loop there is more pressure on the acute services.

Second, in education, schools closed because of building maintenance problems²³ have complex downstream impacts. Damage is done to learning for students. Loss of daily life structures can have mental health implications for homebound students²⁴. Parents struggling for income can be forced to take time off work with a potential economic cost to employers. We could go on, with many examples of these negative multiplier effects and connected causalities. It is the sheer *size, complexity and pervasiveness* of the crisis that stands out.

With this happening all around us, the digital and media revolution has profoundly changed what we are able to see, and social media and fast internet searching have burst the dam on previous limitations in the information at our disposal. Inevitably, then everything *looks more complex anyway* and some of our current anxieties are traceable to this sense of information overload²⁵. We can share stories and

¹⁸ <https://www.ft.com/content/5bac63a0-6c13-485b-998b-d197c3c6f12c>

¹⁹ It is not just nation states that have to beware the markets. The latest spat over Nigel Farage’s bank account saw a Trillion wiped from the value of Nat West shares <https://news.sky.com/story/farage-to-see-millions-in-damages-from-natwest-and-former-ceo-rose-13005311>

²⁰ <https://www.theguardian.com/politics/2023/oct/09/rachel-reeves-iron-chancellor-uk-economy-back-on-track-labour?ref=biztoc.com>

²¹ <https://www.ipsos.com/en-uk/britons-more-likely-trust-keir-starmer-rishi-sunak-deliver-change-britain-needs>

²² <https://www.carehome.co.uk/news/article.cfm/id/1631177/demand-uk-residential-care-supply-smaller-care-homes-closure>

²³ <https://www.ft.com/content/7356c5f6-aa59-44e2-82a8-6cce73d45d0e>

²⁴ <https://news.sky.com/story/why-thousands-of-children-with-special-educational-needs-are-missing-out-on-education-12920518>

²⁵ The arrival of Generative AI is capable potentially of revolutionising this entire knowledge landscape as a means of trying to cut through the mass of detail and make sense of it.

experiences through social media and online that shape our perception and, recognising this, there are powerful forces at work (the toxic remarks of Elon Musk also show how noxious social media can be²⁶), seeking to pull us toward over-simplification - not least by “echo chambers” and paid and unpaid “influencers”²⁷.

LOSING A SENSE OF “NORMALITY”

We can become disoriented where things just don’t seem to fit with what was the case before or with our broad understanding of what “normal” looks like. Being able to see the current polycrisis at a granular real time level can, then, induce anxiety and uncertainty – encouraging many to just “tune out”²⁸. The “old” normal used to feature simple things like trains and buses more or less turning up on time (or at all), being able to see a doctor pretty quickly when we need one or seeing full supermarket shelves. The same is true of what we have come to expect in the places we live in. Going to shop or to the local pub, taking the kids to the library (closures happening so often that they became an ‘official statistic’²⁹), or meeting up at the local café all used to be comfortingly normal. As with so much, we take these things for granted until they disappear³⁰.

Currently, there is a lot of this sort of “disappearing” going on in the furniture of the local setting - as high streets become blighted and both large and small³¹ businesses of all kinds fail. Reasonable expectations for the public service environment are also being shifted – currently for children’s education, for relatives in care, for feeling safe on the streets at night, for an ambulance to turn up quickly in an emergency. In the political sphere, we expect those in charge whether elected or appointed to have some clear idea of what they are doing. We also expect that parliament and the civil service work in accordance with constitutional norms that cannot be set aside on a whim.

Of course, we could explore polycrisis not just at home but at many levels – global, bloc, national, regional – as wars, famines and natural disasters make the story even more complex. We want to focus here, however, on outcomes experienced at the *local level of resolution*³² and the sort of complex causal chains that set the frame for daily life in the UK in 2023. But to be able to find a narrative that helps us to understand the current situation, we have first to turn away from complex local interconnectivity and look at some of the constitutive structural forces³³.

HOW DID WE GET HERE? CONDITIONING FACTORS

A STRESS TEST FOR NEOLIBERALISM, THE FINANCIAL CRASH AND AUSTERITY

At the macro-level, the background for the present situation arose out of half a century of Neoliberal³⁴ policies that saw economic freedom as ranking above all other freedoms and for its proponents to

²⁶ <https://www.bbc.co.uk/news/technology-67599937>

²⁷ <https://news.mit.edu/2020/hype-machine-book-aral-0924>

²⁸ This can be a challenge for democratic society as it can create opportunity for political movements. History shows that this can be a time for the rise of populist “great simplifiers”. in recent decades.

²⁹ <https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/libraryclosuresintheuk>

³⁰ Although intriguingly Booths supermarkets has gone ‘forward to the past’ by closing self-service checkouts and reinstating humans. <https://www.reuters.com/business/retail-consumer/uk-supermarket-booths-scrap-most-self-service-tills-2023-11-10/>

³¹ <https://www.retailresearch.org/whos-gone-bust-retail.html> <https://www.retailgazette.co.uk/blog/2023/08/biggest-retail-administration/>

³² We use this idea – like the lens stop on a camera – to see the local as just “one stop” in series of levels of resolution from the international through the nation and the regional to the grounded level at which lives are lived.

³³ To deal with complex intersectionality we would need higher mathematics – a competence too far for us.

³⁴ There is an enormous literature on this but for a quick guide: <https://www.investopedia.com/terms/n/neoliberalism.asp>

believe that this approach is in the long run beneficial not just economically, but also *socially*³⁵. Buoyed up by the collapse of the socialist alternative at the end of the Cold War, it disregarded those post-war lessons where it was believed that the state had a critical role as a countervailing force to buffer the negative social effects of liberal free market forces³⁶.

The Chicago School theory of liberal market policy with its special focus on the deficiencies of the supply side is currently *undergoing an extreme stress test* at the expense of the people of the UK³⁷. In his new book Gwyn Bevan offers an excellent overview of this and much supporting background for the argument here³⁸

The proposition of this model was just to go back to purer forms of liberal market policy. Investment and labour productivity lay at the centre. Government would apply strong monetary discipline. Investors would be encouraged when workers would be disciplined by the introduction of anti-strike legislation to keep wages under control. Deregulation would free up the marketplace – particularly for finance. The public sector would be reduced and much of its actions given over to the market and private business. Trickle down economics³⁹ would be one of its most beguiling ideas. When the economy grew, benefit would flow downwards to help disadvantaged people and places.

Converted into practical policy, the legislation enacted under Thatcher in the 1980s (and her believers since) brought with it two things of special relevance for what we see at the heart of the present crisis. The first was a general policy for the *privatisation and marketisation of the nation's public services and public utilities*⁴⁰. Under state sponsorship, everything from water, sewerage and railways to hospitals, schools, welfare provision and prisons was opened up in whole or part to become a source of revenue or asset acquisition for private enterprise in the open marketplace.

A second priming factor for the current crisis was the financial crash⁴¹ and the policy choices that were made to secure the recovery from it at a time when public expenditure was already being reined back. Market model followers had not foreseen this event. In response to it, the UK chose *austerity economics*⁴² as its national policy to supplement the internationally agreed implementation of Quantitative Easing (QE)⁴³. This was consistent with the political intention to shrink the public sector that was already in play. The burden of fiscal policy to deal with an international financial crisis fell on UK public services. The local authorities and the voluntary and charitable sectors were particularly badly hit as well as – significantly for what came later - public health and the NHS. Workers in all of these sectors saw the beginning of a decade-long flatline in the level of their real income⁴⁴.

A third element underpinning what we are experiencing now is where the market only approach to housing provision has *taken an already deepening housing crisis*⁴⁵ to an extreme level. Social housing declined sharply over two decades after Thatcher as the state withdrew its subsidies and abandoned

³⁵ See, Holmes C, (2012) "Ignorance, denial, internalisation and transcendence: A post-structural perspective on Polanyi's double movement", *Review of International Studies*, June 2012

³⁶ We looked at this in our previous paper.

³⁷ https://books.google.co.uk/books/about/The_Chicago_School.html?id=PFQsDQAAQBAJ&redir_esc=y

³⁸ Bevan, Gwyn (2023) *How Did Britain Come to This? A century of systemic failures of governance*, London: LSE Press. <https://doi.org/10.31389/lsepress.hdb>

³⁹ <https://www.investopedia.com/terms/t/trickledowntheory.asp>

⁴⁰ <https://www.centreforpublicimpact.org/case-study/privatisation-uk-companies-1970s>

⁴¹ <https://ifs.org.uk/articles/10-years-have-we-recovered-financial-crisis>

⁴² <https://tribunemag.co.uk/2023/04/how-austerity-ruined-britain>

⁴³ <https://www.bankofengland.co.uk/monetary-policy/quantitative-easing>

⁴⁴ <https://www.ippr.org/research/publications/the-public-sector-needs-a-real-pay-rise>

⁴⁵ <https://www.centreforcities.org/housing/>

public housing in support of an ideology to create a “property owning democracy”⁴⁶. So called, “affordable” housing provision through the private housebuilders was mostly too expensive and too small in scale to make up the shortfall of accommodation for those on limited incomes⁴⁷.

Framed as a supply side problem, targets to build more homes and moves to constrain the planning system have failed either to see prices become more reasonable or tackle the problems of increasing numbers having to limit their aspirations to a life in private rental⁴⁸. The expanding private rental market that drew in private investors through government sponsored “buy to let” is always vulnerable to rising interest rates⁴⁹. Rising rents can drive further inequality of access to those under pressure from cost-of-living increases at the bottom of the earnings ladder. Increasing numbers are struggling to find a home at all. Rising homelessness (a “lifestyle choice”⁵⁰ for the recently departed Home Secretary) adds pressure to local authorities already on the brink of insolvency⁵¹.

Acting together in “co-causal” concert, these three drivers had a powerful impact in shaping the present crisis. The Thatcherite turn to market forces in a supply constrained housing market has resulted in negative outcomes for many. On top of this, Treasury squeezes on welfare benefits for macroeconomic reasons have downstream effects for an increasingly wide spectrum of the population at a time when many public services are being described as “broken”⁵² (and note that these were also issues over a decade ago⁵³). The macro has little sense of the micro in a centralised top-down system of departmental silos running a Neoliberal model.

The ideological fixations initiated in the Thatcher period and still with us, have *taken state welfare and public service capacity in the UK to an unprecedented low*. Alongside this, there is accumulating evidence that the drive for privatisation has failed in very many instances to secure efficient and effective services to the people while generating huge returns for private interests⁵⁴. The heightened risk for civil society comes, then, not just from the wilful negation of the critical stewardship role of the state but from a government narrowly fixed on prioritising its position vis-à-vis the international financial markets while enriching its backers, supporters and a limited segment of the population.

It is against this legacy of post-crash austerity, pandemic and lock down with a government lacking a practical industrial-economic strategy, that recent manifestations of what some have called a “crumbling” economy⁵⁵ are also revealing themselves. The turn to private provision tended to produce efficiencies but not necessarily an improvement in service outcomes. Capital spend was often not backed up by appropriate asset maintenance on many PFI contracts in the NHS, for example⁵⁶. The

⁴⁶ <https://www.theguardian.com/world/2023/jul/28/first-edition-social-housing-uk>

⁴⁷ <https://www.gov.uk/government/publications/new-homes-fact-sheet-9-what-is-affordable-housing/fact-sheet-9-what-is-affordable-housing/>

⁴⁸ <https://news.sky.com/story/more-millennials-to-rent-for-longer-as-total-rental-bill-for-2023-surges-past-16380bn-13027948>

⁴⁹ <https://www.ft.com/content/ca25a8e8-a8fd-4c0d-bcf7-3b8660a05191>

⁵⁰ <https://www.theguardian.com/society/2023/nov/10/no-suella-braverman-it-is-not-a-lifestyle-choice-to-be-homeless>

⁵¹ <https://www.theguardian.com/society/2023/dec/06/english-town-halls-face-unprecedented-rise-in-bankruptcies-council-leaders-warn>

⁵² <https://www.theguardian.com/business/2023/sep/10/how-austerity-and-ideology-broke-britain>

⁵³ <https://www.parliament.uk/business/publications/research/key-issues-for-the-new-parliament/social-reform/broken-britain/>

⁵⁴ The examples are the water companies and the rail providers and the recent profit levels reported for energy companies are widely castigated as “obscene” on the back of dramatic rises in domestic bills.

⁵⁵ <https://www.bloomberg.com/news/articles/2023-03-12/a-lost-decade-worse-than-japan-s-threatens-to-change-uk-forever>

⁵⁶ <https://www.gov.uk/government/publications/private-finance-initiative-and-private-finance-2-projects-2019-21-summary-data/private-finance-initiative-and-private-finance-2-projects-2019-21-summary-data-html>
<https://chpi.org.uk/blog/how-private-finance-is-crippling-health-and-social-care/>

private water companies took their returns and avoided their environmental responsibilities⁵⁷. Railway track maintenance was inadequate with failures and delays that have consequences for business as well as general travellers⁵⁸. While the exigencies of the pandemic tended to keep this out of the public consciousness, we are now all too aware of the parlous state of the physical and social infrastructure we have been left with.

CHANGED CONDITIONS FOR WORKERS: FLAT WAGES, FLEXIBLE CONTRACTS AND PUNITIVE WELFARE

In the labour market context, what is now taking place in the UK is something quite different from past experience. We did not, for example, find ourselves facing a recession and high unemployment after the financial crash and the pandemic as most had expected. Instead, we were, and still are, confronted with labour shortages, skills deficits, low productivity and, critically in a context of rising inflation, a disjuncture between what work pays, what it costs to take it up and what is needed to maintain living standards. “Good jobs” have become harder to find⁵⁹. (Change is fast moving however with reports of severe shortages in a “hot” market⁶⁰ and now fears about a “cooling” and possible recession⁶¹)

There was a rise in unemployment in the short term as the financial crash, Brexit and the pandemic combined to see large numbers of workplaces closed⁶². At the same time, however, the return home of many EU workers produced labour shortages in specific sectors like agriculture⁶³, hospitality⁶⁴, and particularly health⁶⁵. In response to this, the reduced inward migration that was to be the “holy grail” of Brexit failed (in a narrow economic sense perhaps fortunately) to materialise. The arrival of people from outside the EU has ballooned and net migration now stands at an unprecedented 745,000.⁶⁶

A significant driver for change in the labour market is the pervasive effect of the digital transformation.⁶⁷ Associated with this has come the rise of the platform economy.⁶⁸ Jobs can, then, be found – but with large numbers offering low pay and flexible working terms through digital platforms like Uber or Just Eat, or in Amazon style automated warehouses and “fulfilment centres”⁶⁹. As a product of this, incentives for a substantial segment of the workforce to seek out work, to learn on the job and to upskill are shifting in a flexible digitally transformed marketplace.

A significant feature of the background to the polycrisis from the perspective of workers is *precarity*. Those in work - but under short term and flexible contracts - have very little job security. Low wages offer little resilience to cope with challenging life events. Many workers are hired only from week to week. All this impacts credit worthiness and the ability to participate fully in the consumer society. Taking on additional jobs and informal work to raise extra income, exerts further pressure on individuals and households. Rising costs for child care add constraints on job availability - despite the need to work

⁵⁷ <https://www.bbc.com/news/explainers-62631320>

⁵⁸ <https://www.bbc.co.uk/news/uk-england-leeds-67146406>

⁵⁹ <https://www.lse.ac.uk/News/Latest-news-from-LSE/2023/k-November-2023/One-in-four-UK-jobs-are-bad-jobs-or-poor-quality-employment>

⁶⁰ <https://publications.parliament.uk/pa/cm5803/cmselect/cmbeis/306/report.html>

⁶¹ <https://www.reuters.com/world/uk/uks-hot-labour-market-shows-sign-cooling-indeed-data-2023-12-07/>

⁶² <https://www.bbc.co.uk/news/business-64450882>

⁶³ <https://www.nfuonline.com/media-centre/releases/independent-labour-shortages-pr/>

⁶⁴ <https://www.bbc.co.uk/news/business-66021588>

⁶⁵ <https://migrationobservatory.ox.ac.uk/press/shortage-hit-health-and-care-sector-turns-to-international-recruitment-but-increased-reliance-on-migration-also-brings-risks/>

⁶⁶ <https://www.bbc.co.uk/news/uk-67506641>

⁶⁷ <https://www.ft.com/content/e5f5e5b9-3aec-439a-b917-7267a08d320f>

⁶⁸ <https://www.globalbusinessoutlook.com/magazine/economy-magazine/rise-of-the-platform-economy/>

⁶⁹ <https://www.transformingsociety.co.uk/2023/02/27/lets-not-forget-the-humans-who-power-the-platform-economy/>

to cope with fast-rising household bills. Acting together In concert, these conditions of *in-work* life seriously impact health⁷⁰ The impact can be “just as dangerous as unemployment for workers' health”⁷¹.

Not all is gloom, however, the EU has moved to gain agreements on platform working conditions⁷² and there is a suggestion that a combination of demographic trends and some aspects of the arrival of AI are improving productivity and the lot of workers in the advanced economies⁷³. Even lower paid workers may see their situation improve as AI offers opportunities to raise productivity.⁷⁴ The paradox is, however, that while this may be the case in the private sector, the “Iron Chancellor” approach still supresses public sector pay against a strictly 1970s argument that it will “drive inflation” and that there are 122,000 unfilled jobs in health and care.

Against a challenging and fast changing context, UK government employment policy over the last decade (with many public employment service programmes contracted out to private employment agencies) pursues a restrictive and punitive benefits system based on workfare principles⁷⁵. Taylor (2017)⁷⁶ has suggested that pushing people into work, whatever its quality or stability has driven the rise of precarious and part-time employment. Currently, more than half of those seeking work in the UK avoid using the public employment services. This is while local businesses struggle to fill jobs⁷⁷. Benefits for the disabled are being more tightly constrained to get more into work and the government proposes to tighten still further the general benefit conditions for the unemployed and disabled⁷⁸.

Reports of poverty among working families have deeper roots, then, than just inflated consumer prices. There is a lot more going on that is redolent of the precarious lives of the working poor in the inter-war years. Poverty is currently experienced by 11.7 million (18.0 percent) of the population⁷⁹ and for children in the UK poverty stands amongst the highest across the OECD/EU nations⁸⁰. A focus on curing inflation by raising interest rates is nowhere near adequate as a remedy for what is happening to the nature of work and, for the precarity being experienced by a rising share of the population.

BREXIT: TRADE DISRUPTION AND THE CONTINUOUS STRUGGLE TO MEET ITS PROMISES

The story of Brexit is too long to tell here, and we shall only consider the broadest of outlines. The activation of the decision to leave the European Union in January 2020, (just as Covid-19 was being perceived as a major threat) brought huge problems for government. The timing could not have been worse. The central administration had been intensively engaged in planning for the exit since it came into power in 2019.

As we are now seeing in detail in the Hallett Covid enquiry⁸¹, it was entirely unequal to the task of responding to the pandemic that followed. Not least, this deadly combination of challenges saw a highly

⁷⁰ <https://jech.bmj.com/content/56/6/405>

⁷¹ <https://jech.bmj.com/content/56/6/405>

⁷² <https://www.europarl.europa.eu/news/en/press-room/20231207IPR15738/platform-workers-deal-on-new-rules-on-employment-status>

⁷³ <https://www.economist.com/topics/artificial-intelligence>

⁷⁴ <https://www.economist.com/finance-and-economics/2023/11/28/welcome-to-a-golden-age-for-workers>

⁷⁵ https://en.wikipedia.org/wiki/Workfare_in_the_United_Kingdom

⁷⁶ *Public Services in the United Kingdom and France in an age of "Austerity"* L'Observatoire de la société britannique (2017), Vol 19.

⁷⁷ <https://www.theguardian.com/commentisfree/2023/jul/28/the-guardian-view-on-britains-failing-labour-market-punishing-the-victims-doesnt-work>

⁷⁸ <https://www.bbc.co.uk/news/uk-67385385>

⁷⁹ <https://commonslibrary.parliament.uk/research-briefings/sn07096/>

⁸⁰ <https://www.reuters.com/world/uk/child-poverty-levels-uk-worst-among-worlds-richest-nations-unicef-report-finds-2023-12-06/>

⁸¹ <https://covid19.public-inquiry.uk/about/>

centralised administration lacking the bandwidth to deal effectively with all those other things that over the years since the financial crash had been demanding attention. The polycrisis we now face and the sense of anxiety that goes with it goes back in no small part to the referendum choice to leave the EU.

The Office for Budget Responsibility (OBR) estimates that Brexit will lower the UK's gross domestic product (GDP) by 4% in the long term. Productivity, trade, and investment, all went into early decline. The OBR also estimated in 2021 that Brexit itself would add half a percentage point to inflation up to the end of 2022⁸².

The nation is clearly still struggling with the impact of the 2016 referendum decision⁸³, and the arrival of the pandemic so soon after the legislative trigger to begin the process of EU exit could not have been more unfortunate. A government so heavily committed to Brexit was inevitably risking losing sight of emerging challenges in the basic functioning of those areas of national life over which it had central control – not least when it had a pandemic to deal with and no prior contingency plan in place.

PANDEMIC: FISCAL RULES SUSPENDED, PRIVATE BENEFIT, LOCAL POST-COVID LEGACIES

The arrival of Covid-19 was a disaster of epic proportions. A government committed to a market forces “government light” and highly centralised model where the economy was the focus of attention and good social outcomes would only follow economic growth, found itself blindsided. Yet again, we have so much new material from the Public Enquiry that we need only deal with items here that suit our narrative. We also have our own series of papers and a monograph. These were written in real time as Covid-19 was making its way across the UK⁸⁴

On the economic and fiscal front, the accepted “our hands are tied for money” post-crash approach by government was exposed as largely rhetorical come the pandemic. In a real and deadly crisis, funds could be found in exceptionally large measure. Billions were sourced and deployed against what the current Covid Public Enquiry is revealing, as a shambolic, dysfunctional, and strategy-free dash to cope with the virus from a disorganised centre without clearly agreed strategic or normal accountability parameters. Significantly, consistent with the prevailing philosophy, a highly centralised anti-state approach ensured that prime beneficiaries of the Covid funds were private businesses and not those public bodies subject to ongoing cuts.

Commercial contracts that lacked transparency were issued in a rush through a privileged channel outside the normal stringent parsimony applied to taxpayers' funds⁸⁵. Meanwhile, *austerity measures continued on* for those public bodies facing challenging outcomes on the ground. Public health - with established expertise in pandemic management – had earlier been assigned to the local authorities and saw its budget cut alongside all the other community-based services. At the same time, state resources were poured into private companies - many of which had no prior claim to be experienced in supplying the goods and services they were to furnish.

Despite the variable effects of Covid at local level, instructions to cope with it came from the centre. The local authorities were left to fill in gaps that appeared when a central directive turned out to be unclear or inadequate to meet specifically local circumstances. The VCSFE sector was left to cope as best it could with limited funding to help the disadvantaged and those seldom heard groups that the

⁸² <https://www.theguardian.com/politics/2022/jun/25/what-have-we-done-six-years-on-uk-counts-the-cost-of-brexit>

⁸³ <https://www.forbes.com/sites/benjaminlaker/2023/06/19/uk-post-brexit-economy-navigating-inflation-and-recession-threats/>

⁸⁴ <https://peter-loyd.co.uk/papers-and-blogs/> *The Covid Papers Series*

⁸⁵ <https://www.bmi.com/content/373/bmi.n1072>

Public Enquiry now discovers had no place in government arrangements⁸⁶. Even local Public Health with experience and a direct remit to deal with pandemic events was left to play an infilling role.

There was little sense of the contingent circumstances of the local in a policy run from Downing Street and delivered by the DHSC and the central agencies. The burden was a significant one and the fabric of local welfare support is still struggling to recover. Children in particular were damaged by lockdown and the restriction on their movement. Post-pandemic, numbers of non-attenders at school have risen by more than 50 percent⁸⁷. We still see considerable effects on mental health and educational performance. Under lockdown, families in distress were locked in and required to cope without support. The pandemic and the way it was handled produced a wave of after effects that form part of today's challenges – not least the large number of local authorities and charities teetering on the brink of bankruptcy. Now, despite all this, we are told that a further £16 Billion in “savings” will be required from public services and that cuts will continue.⁸⁸

SUMMARY: A NATION IN DIFFICULTY

Health and wellbeing: At a societal level, a lived experience of polycrisis is producing a generalised climate of anxiety across the population. For many, this is spilling through into longer term problems of mental and physical health. In particular, the scale of mental health issues for children is rising sharply – predisposing them to future health and social problems. Children's support services like CAMHS⁸⁹ are overwhelmed and under-funded. For adults, social care and disability support services are under pressure and now facing still further cuts under government plans. Home and residential care for almost a million people suffering dementia is woefully inadequate - loading more pressure onto families already in difficulty⁹⁰. Type 2 diabetes is increasing and hitting younger age groups⁹¹. The effects of poor nutrition as families struggle to put food on the table has a known long-term impact that will have huge cost implications for the future. As the Joseph Rowntree Foundation puts it⁹²:

“There has been a shameful increase in the level of destitution in the UK, with a growing number of people struggling to afford to meet their most basic physical needs to stay warm, dry, clean and fed. This has deep and profound impacts on health, mental health and people's prospects; it also puts strain on already overstretched services”.

Inevitably, ongoing cuts to local authority social services and other welfare programmes see the problems of the young, the old and the disadvantaged spilling out onto the NHS. As a “service for all” it is increasingly unable to cope. Staff shortage at the point of delivery is where the impact on the public is most keenly felt and we have explored the roots of that. Hospital waiting lists currently exceed 7 million and are the highest ever. Integrated care is the new health and wellbeing objective, but *in practice* these new more creative initiatives are well behind the curve of fast-rising need. The NHS experience is of a seemingly unending series of crises and heroic firefighting under conditions of overload, burn out and staff departures.

⁸⁶ Katharine Abba et al)¹, Forthcoming, “Community groups, organisations, and employers respond to the challenges of the COVID-19 pandemic: A story of resilience and continued vulnerability”, *BMC Public Health*.

⁸⁷ <https://www.nesta.org.uk/report/school-attendance-analysing-causes-and-impact-in-pursuit-of-solutions/full/>

⁸⁸ <https://www.gov.uk/government/publications/autumn-statement-2023>

⁸⁹ <https://www.theguardian.com/society/2022/apr/03/swamped-nhs-mental-health-services-turning-away-children-say-doctors> <https://www.politicshome.com/thehouse/article/camhs-crisis-long-wait-neuro-screening>

⁹⁰ Our earlier paper on Adult Social Care turned out to be right that *there was no plan*. [https://peter-lloyd.co.uk/papers-and-blogs/ Health and Social Care Series](https://peter-lloyd.co.uk/papers-and-blogs/Health%20and%20Social%20Care%20Series)

⁹¹ <https://www.bmj.com/content/381/bmj.p848>

⁹² Destitution in the UK, 2023, <https://www.irf.org.uk/report/destitution-uk-2023>

Housing: House prices have begun to rise, and the housing crisis experienced in the UK for over half a century rolls on. A significant proportion of the working population continues to have little hope of home ownership. Young people early in their careers find themselves unable to afford a starter home or envision a future as a home owner. The average rental price in the UK is currently £1,066 per month. In London, however, it is £1,500 to £1,600 and more in a highly competitive rental market. The number of available properties has recently decreased by as much as 50 per cent and tenants have seen their rents increase by an average of 17 per cent. Long queues are now normal for rental properties in more buoyant areas even with rising prices. At the same time, high interest rates are seeing a rise in debt pressured landlords withdrawing homes – serving to reduce supply and stoke prices still further.

The Thatcherite turn to market forces and to private developers in a supply constrained housing market has added significantly to social inequality and spatial segmentation. The less well-off have been trapped in or assigned to those locations where they can afford to rent a home. Often this is to poor quality stock. Under current conditions, homelessness is the outcome for increasing numbers of the poorest. While the current government maintains its private market-based approach, any attempt to address this by state expenditure through subsidised public or social housing - the post-war solution – would face the fiscal probity issue that any “Iron Chancellor” would have to apply⁹³. A focus on supply side measures and planning system reform will not solve this problem for a nation with massive and rising income inequalities and huge backlog from the past^{94 95}.

Public services. The most widely sensed experience of polycrisis in daily living comes through the desperate state of the UK public services. The steady decline in the quality and availability of those services we use in common, from water and sewage, through to road and rail infrastructure, to schools and hospitals, and policing and security is evident. We are no longer shocked to hear of physically collapsing schools or hospital buildings or of sewage polluted beaches, lakes, and rivers. A degradation in the quality and availability of public services has become a central part of the “new normal”.

By an act of policy choice, public services have been starved for over a decade of the resources needed just to maintain basic standards. Taxes paid no longer see adequate public services in return. Government decided (or as they would put it, were “forced to” decide) to pursue a rigid programme of austerity for over a decade. We now see this being projected further into the future⁹⁶. Taxes paid by citizens to secure acceptable levels of public service are demonstrably not seeing an acceptable return in outcomes. The social contract has been broken⁹⁷.

Neighbourhood by neighbourhood, town by town, city by city and region by region *public systems failure* impacts on the lives of families across the board. Only the very rich can buy themselves out of the process. It is a feature of these forces that they play on prior conditions of inequality to have exaggerated effects on the least well off – seeing many struggling just to get by at all⁹⁸.

At the local level and in the grounded context, an orthodox market response to a national crisis of inflation (raise interest rates, suppress consumer demand, and hold back public spending) has the

⁹³ Labour party conference speech by Keir Starmer <https://labour.org.uk/updates/press-releases/keir-starmer-speech-at-labour-conference/>

⁹⁴ <https://www.bbc.co.uk/news/uk-politics-67058848>

⁹⁵ <https://www.msn.com/en-gb/news/uknews/labour-plans-next-wave-of-new-towns-in-pledge-to-build-1.5-million-homes/ar-AA1hZpaT>

⁹⁶ Autumn Statement, November 2023

⁹⁷ <https://www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-39/introduction.aspx>

⁹⁸ A recent report (citation) by the Joseph Rowntree Foundation indicates that some 3.8 million people in the UK experienced *destitution* in 2022. This figure includes around one million children. <https://www.jrf.org.uk/report/destitution-uk-2023>

propensity to spin off and exaggerate many other forms of existential crisis in local lives⁹⁹. Short term, it may be tolerated but over the long term the damage is cumulative and costly.

The association of all this with a fixed belief that that macroeconomic policy is the only meaningful frame of reference, increasingly leaves a chasm in understanding. While people struggle daily in difficult conditions, long run promises that by curing inflation and creating the headroom for tax cuts to incentivise investment - lives and services will get to be better looks abstract and even arcane.

LIVED EXPERIENCE AT LOCAL LEVEL: MULTIPLE INTERACTING CAUSAL CHAINS

CRISES CYCLING TOGETHER

What we have covered are summary headlines of the UK polycrisis. The “forces” we have been describing spin out and push their “ground effects” into the daily lives of people and places. Like winter storms, how damaging they turn out to be depends very much on the resilience against them.

The impact of the crisis for a nation in difficulty like the UK varies with the resources, capacities and resilience of people and society across variable local settings. Poor places and their people will be hard hit. Other places might experience little more than a gentle perturbation. One off central policies as a response to macro problems will be similar. They will hit the ground with differential impact. The “law of requisite variety” would suggest that complex problems would need commensurate variety in measures to deal with them and the accepted macroeconomic route looks distant and remote.

It is not only rising consumer prices, low paid jobs, failing public services and limited access to genuinely affordable housing that negatively impact today’s lived experience in the UK - depressing though these are in their own terms. It is the way in which these systemic influences can *cycle together in place* to create a self-reinforcing spiral or vortex – that paints a more faithful picture of the dire reality for localities and especially for those already suffering disadvantage.

From this perspective, the problems just reviewed will not be fixed by one-off central policies for regeneration or hoped-for inward investment any more than by slowing inflation and giving out tax cuts. Nothing wrong with any of them individually but they are very far from sufficient. Applied, in the UK case, by one of Europe’s most centralised systems of government, the sheer variety of what needs to be done can be invisible and overlooked. Not only that but the speed and range of change can be badly underestimated. Where the opportunity to challenge the central ideology of a macro policy comes around on a five-year cycle, the response time can be damagingly slow at a time like the present.

GEOGRAPHY MATTERS

Looked at through the lens of the local, as we pointed out earlier, the current issue of inflation and of using interest rates and public spend suppression to deal with it, play out in *widely differing ways* by social status and geography. Price rises generally have distinctly unequal effects from group to group and place to place. In the worst affected local places, consumer demand shrinks, shops close and small businesses declare bankruptcy, landlords evict non-paying tenants, local authorities pick up more homeless families, poor diets see population health decline, surgeries and A&E departments see queues expand, school absences balloon and more children display symptoms of poor mental health¹⁰⁰.

⁹⁹ We wrote about this in our previous paper using the work of Polanyi to show how 80 years ago the post-war settlement was thought to need a means (double movement) to counter the excesses of Liberal Capitalism and form a bulwark against the rise of simplistic populist movements and their charismatic leaders.

¹⁰⁰ <https://www.england.nhs.uk/2023/11/one-in-five-children-and-young-people-had-a-probable-mental-disorder-in-2023/>

We are looking here at the essence of Marmot's *Social Determinants of Health*¹⁰¹. The "vortex" described above has long range effects not just on the nation's health but on its economic potential. Meanwhile, the local authorities, whose mandatory role is to deal with the outfall of all this have been continuously cut until one quarter of them are suggested to be on the verge of financial failure¹⁰² while simultaneously having to sell their public assets to private equity¹⁰³. Local health and care services cannot cope, and many burned-out staff leave without replacements (we have already noted that there are 122,000 current unfilled vacancies).

A similar pattern of negative local multipliers can be seen from a business perspective. Demand falls, debt and servicing charges rise, rents and insurance charges go up, material inputs become more sporadic and costly, employees demand higher wages to cope with their own rising costs. In the short term, whole rafts of small businesses disappear never to return. Large firms trim their employment rolls, investment projects stall for want of the skills needed at a feasible price, former internal market workers move into less secure flexible jobs or sole trading. (Of course, in classic multiplier theory there very little emphasis on *negative* as opposed to positive chains of causality). Long term, the local economy becomes *hollowed out* – to the advantage, of course, of the global internet trading platforms that can capture the small units of residual demand at more cost-efficient scale.

In the public-sector, hard-line policies being pursued by the state employer have spatially variable outcomes. For many of the more disadvantaged ("left behind"¹⁰⁴) local places, the public sector counts for a large - or even the dominant - share of available employment. These places face a "double whammy". More families have to cope with the health and wellbeing effects of losing their work-based income - while the local services to help them cope with this are cut. Exerting greater pressure on welfare benefits for those seeking employment in such areas just adds to the illogicality of the situation. Local economic circumstances and their multiplier effects can be invisible in a centrally conceived macro-economic policy framework relying on the accepted statistical data series for their perspective.

Stagflation is present and spreading across many local areas. Under the ideology of Neoliberalism, it is not for the state to interfere in these processes at ground level or otherwise - beyond tightening the benefit rules and keeping wages low to feed the supply side. It is not for the private sector businesses delivering public services to consider the problem beyond their shareholders' interests. Their contracted task is to drive efficiency into public services provision and seek out and fix market failures. The real failure, however, is the failure to break away from a closed, largely fictitious closed-circuit economic model that unaccountably has been allowed to dominate the nation's life for nearly half a century. The "normal" we talked about at the beginning of the paper is dramatically broken.

¹⁰¹ Michael Marmot, Richard Wilkinson, (2005), OUP Oxford. <https://pubmed.ncbi.nlm.nih.gov/15781105/>

¹⁰² <https://www.theguardian.com/society/2023/sep/11/more-english-councils-expected-to-fail-owing-billions-warns-moodys>

¹⁰³ <https://www.theguardian.com/society/2023/sep/21/15bn-of-public-assets-sold-by-english-councils-since-2010-amid-budget-shortfalls>

¹⁰⁴ Left behind as "failing" or "being failed" is a question of significance.

SOLVING THE PROBLEMS OF THE LAST CRISIS

SPATIALLY TARGETTED MEASURES FOR A SYSTEMIC CRISIS

It has been suggested that the UK has a remarkable propensity for dedicating its energies to solving the problems not of the current era but the last one¹⁰⁵. Many of the remedies and tools we have been exploring throughout this paper are those that came into play in the aftermath of crisis in the 1970's. Inflation and the threat of stagflation were live issues then and the Thatcher reforms were seen as successful in tackling them – though not without creating other problems downstream in their wake. Government is still committed to applying them nearly half a Century later - but in a very changed global and national context and in the face of an all transforming digital revolution.

From our perspective here, the dominant government policy for addressing the local difficulties we have been exploring, relies on *spatially targeted schemes* – continuing a policy that goes back as far as the 1930s and the Special Areas Legislation. ‘Levelling Up’ is the most prominent among many similar schemes¹⁰⁶. It has the distinction of having a Department of State (DLUHC) carry the Levelling Up strapline. This geographically framed approach applied to the worst-off places and their people works through a bidding process where deprived but ambitious places in the target list compete with each other for special regeneration funding¹⁰⁷. Even here, however, Treasury consent is required for implementation¹⁰⁸ and almost all of the cash-strapped winning councils have not spent all the funds¹⁰⁹.

The objective of levelling up is generally to bring in private capital for physical development - echoing the policy solutions of fifty years ago when industrial restructuring (the closure of mills, mines, and factories etc.) was generating blighted landscapes and high local unemployment as the last (Fordist) regime was moving toward its final transformation. There was a clear logic in using public funds to pay the clearance costs of the past and taking local land values from negative to positive.

This time, we would argue, things are different - despite the policy being on the same spatially targeted basis. Some places can still benefit from the old model but in reality, it is the development industry that captures the greatest benefit. The problems we have been describing are not just in the so-called ‘left behind’ areas (though this is where they can be extreme) but *systemic and population wide*. The list of crisis issues crosses a very wide range of topics and reaches places and social groups with little prior history of economic stress.

As to “what needs fixing”, the nexus of causality reaches all the way to the essence of the central government approach we have been describing. Choices that reach into lived experience everywhere affect welfare policy, housing policy, health and social care policy, water and sewage policy, transport an infrastructure policy and so on. They all reach down into lived experienced in the ways we have described throughout the paper. Where poverty, the collapse of health and social care and the potential

¹⁰⁵ Abby Innes (2023), *Late Soviet Britain: Why Materialist Utopias Fail*, Cambridge University Press.

<https://www.cambridge.org/core/books/late-soviet-britain/6C375F1A3E6007A1496A52F8BF313277>

¹⁰⁶ In recognition of this and its electoral consequences, we now have a government programme for 55 Small Towns; “to empower communities in every part of the UK to take back control of their future, taking long term decisions in the interests of local people. It will mean more jobs, more opportunities and a brighter future for our towns and the people who live and work in them” <https://www.gov.uk/government/news/prime-minister-puts-local-people-in-control-of-more-than-1-billion-with-long-term-plan-for-left-behind-towns>

¹⁰⁷ <https://www.gov.uk/government/publications/levelling-up-fund-round-2-application-guidance>

¹⁰⁸ <https://reform.uk/comment/where-are-we-on-levelling-up/>

<https://committees.parliament.uk/work/6928/funding-for-levelling-up/news/194181/levelling-up-committee-writes-to-government-on-treasury-ban-on-levellingup-capital-spending/>

¹⁰⁹ <https://www.theguardian.com/society/2023/nov/05/almost-all-uk-councils-have-not-spent-total-share-of-levelling-up-fund>

bankruptcy of one quarter of all local authorities is the essence of the immediate problems to be faced, “levelling up” *needs a much wider conversation* than one that derives from the past regeneration of blighted old industrial spaces. The present policy is not unwelcome; it is just misconceived. Fixing places is necessary but by no means sufficient. Politically, the old – “it is awful but happening to poor people in the usual places” - is no longer playing out so well in the electorate¹¹⁰.

Of course, these crisis outcomes have very different weight and significance for those faced with a struggle to put bread on the table and pay for school uniforms and shoes and some form of bias toward and not against them, is what market forces policies cannot provide. Economic and social pressures are finding their way into people’s lives and the places where they live in ways unprecedented since the crisis of the 1970s and the policies of that time – though still relevant in part – cannot be the basis for addressing the problems of 2023.

Where the economy and financial probity tops the hierarchy of government concern, property rights are untouched and the marketisation of the public service realm goes on, we are heading in a direction that will see a social and political response¹¹¹. In our previous paper we looked at the threat of a turn to populism as one of those responses. Nothing since has persuaded us to change our minds.

CONCLUSION

What has been taking place in the UK is, then, something quite different from past experience and the drive to write this paper the way we did came out of a sense that those responsible for policy in our country were seriously underestimating the scale and breadth of the crisis that currently envelops us. The sessions of the Covid public enquiry are making disturbingly clear that being “out of touch” with how the vast majority of people live their lives was a feature of the administration at that time. Those running the country do not seem to feel a need to know about detail. Sound economic management and fiscal discipline at the macrolevel are apparently quite sufficient. Follow the rules of liberal democracy and all will be well.

For the last half Century, we have been living under Neoliberalism – a regime that brings together economic liberalism, capitalism, and its own form of democracy¹¹². Globalization and financialisation have been at its core since the 1980s. There is a fixation in the governing class that life should revolve around a model based on commodification, market freedom and an absolute necessity for economic growth. These rules apply regardless of the socio-political context and have only a secondary regard for the evidence of damage to the ecosystem that supports planetary life.

Since the 2008 crash and the pandemic, things have not been going well for Neoliberalism in the UK context. Economic growth has faltered. Productivity has been at a standstill. Inequality has risen. More than a decade of flat wages has seen a sharp fall in living standards as a recent study shows all too clearly¹¹³. The pandemic set back the whole globalisation project and raised questions about its security and sustainability. Global supply chains have still not recovered¹¹⁴. But not all in society suffered equally from these depressing circumstances. Inequality is high and rising.

¹¹⁰ <https://www.gov.uk/government/news/prime-minister-puts-local-people-in-control-of-more-than-1-billion-with-long-term-plan-for-left-behind-towns>

¹¹¹ <https://blogs.lse.ac.uk/politicsandpolicy/is-the-uk-facing-a-populist-takeover-or-just-politics-as-usual/>

¹¹² For an easy-to-read review of the history and shape of neoliberalism see: <https://www.the-syllabus.com/ts-spotlight/post-neoliberal-moment/conversation/dieter-plehwe>

¹¹³ <https://www.theguardian.com/uk-news/2023/dec/04/british-workers-missing-out-on-10700-a-year-as-living-standards-fall>

¹¹⁴ <https://www.forbes.com/sites/forbestechcouncil/2023/12/14/the-supply-chain-industry-will-continue-to-be-tested-in-2024/>

A key feature of neoliberalisation for the UK was the capture of new profitable markets for private business from running state delivered public services. Promoted ideologically by the state, this has turned out to be good for CEOs and shareholders (many of them offshore) but not so much for the tax-paying public. The passage of time has now unearthed the seriously negative outcomes for people and society in the UK.

Despite privatisation – alongside austerity - as the means to generate public expenditure savings, the UK state is still having to borrow more to keep afloat - even with expenditure on public services cut to the bone. Tax cuts are continually promised but in reality, the tax burden stands at an historic high.¹¹⁵ Growth remains a holy grail, but aside from grand vision statements from both major parties, the practical means to achieve are still hard to identify while the current model remains in play.

In the world of lived experience, flat wages for workers stand out as a stark paradox against high and rising rewards for owners, shareholders, and CEOs. What is also evident is an increasing shift toward *assetisation* – land and real property acquisition – by businesses. There has been little downside for a development industry that had first to be rescued post-crash by the public purse. The classical argument for incentivised investment that it creates both *growth and jobs* has been weakened.

Under the economic model in place in the UK, the privatisation of public services, government subsidised regeneration policies and a private housebuilding boom have all contributed to asset accumulation by the development industry and its financial backers. Physical regeneration of towns and cities proceeds apace while housing poverty and pockets of destitution continue to grow in places and spaces outside the mainstream.

Meanwhile Torsten Bell¹¹⁶ notes we are “short of good work”. Flatline wages and low productivity – the real problem - have not produced the same level of government interest over the last 13 years as capital investment and: “*slow growth has come together with our longer lasting high levels of inequality: the UK is Europe’s most unequal large economy. This combination has proved toxic for those on middle and low incomes*”. A future strategy needs a focus on labour and its productivity, fair wages and good jobs.

This implies *greater public expenditure* and that, of course, takes us back round the loop we began with. What do we do about “Iron Chancellors”, fiscal responsibility and “placating the markets”? If the price is to land up where we are at present, real change is going to demand a re-evaluation of some macro-economic fundamentals – not least because overarching all this there is the global climate crisis.

There is a sense, then, that many long-accepted features of Neoliberalism are running into problems at the same time. The distribution of rewards from it have become increasingly skewed while the disbenefits have become more widely and deeply experienced. From the perspective of workers and citizens, the “stress test” of the neoliberalisation approach is raising questions across a number of key domains. Levelling up is a mere pinprick.

For others, of course, it continues to work well. A handful of global mega-corporations operating digital platforms has captured a hegemonic role while a cadre of multi-billionaires has emerged to have supra-state degrees of influence. There are even questions about a new kind of feudalism emerging. Varoufakis has described this as *Techno Feudalism*¹¹⁷.

¹¹⁵ <https://news.sky.com/story/tory-public-service-pledges-and-corrective-measures-after-austerity-pushed-tax-burden-up-12972281>

¹¹⁶ An Ending Stagnation Special, “Top of the Charts”. Resolution Foundation, December 2023.

<https://www.resolutionfoundation.org/events/ending-stagnation/>

¹¹⁷ www.penguin.com.au/books/technofeudalism-9781847927286

At the very least, there is now a sense of ambivalence surrounding Neoliberalism. The sense is that we simply cannot survive by just going along as we did in the past. Factor in Cop28, and the final realisation of the severity of the global climate emergency, and future prospects look decidedly bleak.

Being fiscally responsible, important though it is, is not all there is to managing a national crisis like the one being faced. Many of the cumulative and circular causalities we have highlighted across health, education and the utilities and infrastructure sectors will, in any case, bear heavily on the nation's ability to grow and compete. Critically important in addressing these issues is the *system of government and governance*. We do not – and the Covid enquiry confirms it daily – have systems fit for purpose. Put simply, in governance terms we are addressing today's problems with the governance structures and data perspectives¹¹⁸ of yesterday (or even the day before).

There are clear dysfunctionalities in a highly centralised, silo-structured system of government as we grapple with a complex, multi-layered and highly connected world in the digital age. Top-down centralised management has failed us. We simply do not have 'eyes on the game' at the grounded local level of resolution. Those institutions that grew up to understand and serve local need have been starved of funds and subjected to rules decreed at the centre.

We are not suggesting that there is a simple fix, but most in this paper argues for a layer/form of governance dedicated the local – not just the administrative local but the *culturally and contextually informed* local. Space needs to be provided for non-formal cross-field integration to promote innovative creative solutions. The pandemic showed how, despite being largely ignored, local people and institutions could come together to fashion innovative actions in the most desperate of circumstances.

Things are moving fast in ways we struggle to understand let alone control. There is, however, no significant fiscal overhead to working much harder to *make the system by which we manage ourselves more effective*. It requires a recognition that we have a governance problem as well as an economic problem and that we need to make a comprehensive effort to re-imagine what is going to work better for the governance of the nation under the extreme circumstances to be faced now and in the future.

¹¹⁸ <https://www.theguardian.com/politics/2017/jan/19/crisis-of-statistics-big-data-democracy>