

'TRUMP WORLD' AND THE TRANSFORMATION OF THE GLOBAL ORDER: IMPLICATIONS FOR THE UK

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October 2025¹

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ABSTRACT

The paper examines the systemic ruptures generated by Donald Trump's 2025 return to the U.S. presidency, framing "Trump World" as both a manifestation and intensifier of the breakdown in liberal internationalism. It assesses the shift toward bloc-based geoeconomics, weaponised interdependence, and techno-hegemonic competition, highlighting the erosion of multilateral norms and the rise of coercive statecraft. Liberal democracies are facing mounting domestic challenges from global trade volatility, rising inequality, and rapidly changing information and communication technology.

Focusing on the UK under these conditions, the paper interrogates the Labour government's growth-centric strategy and fiscal orthodoxy in the context of growing national and regional disaffection. It explores the limitations of top-down economic planning and governance and calls for a strategic reorientation toward a more decentralised place-based approach with an emphasis on locally owned and flexible models. A call is made for the active mobilisation of the social and solidarity economy (SSE) to act as a source of resilience during difficult times.

Introduction: A world turned upside down

Since our last paper in March 2025 ('Revolutionary Times') the world has become even more chaotic and dangerous. The arrival of Trump has taken a fractious and febrile situation to another level. The sight on 1 September 2025 of President Xi, President Putin and Prime Minister Narendra Modi in warm conversation in Beijing vividly illustrated the shifts in global power happening now.

There are two active wars – Ukraine and Gaza while the conflict with Iran remains in abeyance. Add to that the unrest in Sudan, Syria, Yemen and the Israeli attacks in Qatar, and the threat of a wider Middle East war is always present. NATO and the European Union are gearing up for potential future hostilities as Russia 'tested' the eastern border with incursions of drones in September.

In the months since Trump began his term of office, the international turbulence has dramatically increased. Trump's chaotic policies have destabilised world trade and in the US his "Big, Beautiful Tax Bill" has finally been approved by Congress with potentially serious consequences for the poor in the nation. The liberal democracies and the financial markets are fixated on waiting for his next bulletin

¹ Please cite as: Peter Lloyd and Michael Blakemore (2025) *How did we get to this? Trump World and the Transformation of the Global Order*, <https://www.peter-lloyd.co.uk/papers-and-blogs/>

on *Truth Social*². It remains impossible to know what to expect from him day to day as the policy making of a global superpower is restricted to one person.

Turbulence came with announcements of tariffs for more than 90 countries (Canada 35% and Brazil 50%)³. There were threats for 100 percent tariffs on chips and semi-conductors with a special easement for Apple⁴. India received notice that it is to be hit with 50 percent tariffs because it continued to buy oil from Russia⁵. There simply is no continuity day-to-day in Trumps' utterances other than an ongoing concentration of power in the office of President of the USA⁶.

Inevitably US trading partners struggle to see what the outcome for them will actually be. There is no certainty that any new list of tariffs will be the definitive one. The President blows hot and cold – raising and lowering rates – sometimes on a whim⁷. The EU had pre-agreed a 15 percent overall rate but there were still questions about just how final this will be since bilateral deals with others were agreed, rescinded and re-applied. Confused financial markets find themselves having little choice but to 'wait and see' as Trump's volatility continues to play out from week to week.

Beyond tariffs, the Ukraine and Gaza conflicts that Trump declared would be "quickly ended" through his deal-maker approach still go on with the proposed 'deal' on 30 September 2025⁸. Having added a new dimension by using blockbuster bombs to assist the Israeli war effort on Iran, the US President opened a potentially more disturbing dimension to regional strife in the Middle East. Attention switched from the MAGA-inspired economic playbook at home and abroad to war leadership in the international arena and back again. This came from a President whose election platform flatly rejected the sort of 'foreign wars' that Trump has now brought his country into. In geopolitical terms the world can also do little more than wait to see what happens next.

Domestically, inside the US, the monumental cost-cutting plans by DOGE fell far short of what was proposed. The ones that went ahead were the promised attack on overseas aid, public health, welfare spending and social equity measures⁹. Federal employee job losses were planned to be in the hundreds of thousands, with a federal government shutdown in place as we finish this paper¹⁰. While many have been activated, the courts have been intervening to challenge a number of job cuts. US employment data experienced a downward shift¹¹. On 1 September 2025 trade unions and collective bargaining rights were being removed from federal employees¹².

² A full archive of his utterances, both social media and White House, can be found at

<https://rollcall.com/factbase/trump/topic/calendar/>

³ <https://www.bbc.com/news/articles/c5ypxnnyg7jo>

⁴ <https://fortune.com/2025/08/07/trump-tariffs-chips-semiconductors-100-percent/>

⁵ <https://fortune.com/2025/08/27/india-tariffs-50-percent-take-effect-strategic-shock/>

⁶ <https://www.brookings.edu/articles/is-the-growth-of-executive-power-a-threat-to-constitutional-democracy/>

⁷ <https://fortune.com/2025/08/01/trump-raises-canada-tariff-rate-to-35-percent-palestinian-state/>

⁸ <https://www.bbc.co.uk/news/articles/c70155nked7o>

⁹ With the axe falling on National Oceanic and Atmospheric Administration (NOAA); the Department of Education; the Consumer Financial Protection Bureau; the U.S. Agency for International Development (USAID); and the Federal Emergency Management Agency (FEMA).

¹⁰ <https://www.cnbc.com/2025/10/01/government-shutdown-trump-live-updates.html> and ominous threats of mass redundancies and agency closures <https://www.bbc.co.uk/news/articles/ckg201rnw2zo>

¹¹ The full outfall may take time to emerge. At first the rate of US economic growth fell to 0.50 percent. More recently (September 2025) it recovered to 3 percent.

¹² <https://www.npr.org/2025/09/01/nx-s1-5515633/trump-federal-workers-labor-unions-va>

The most concerning attack is, perhaps, on the prestigious Centre for Disease Control (CDC) where around half the professional staff has moved on¹³, and Trump then announced an alleged link between paracetamol taken by pregnant women and autism in children¹⁴, countering all the independent science that does not see such a link as being proven.

Once the scale of the public sector revolution that Musk was proposing began to be taken on board, the first hints of a backlash emerged. DOGE drew criticism for its cavalier approach to due process and the rule of law. There have been disputes over the limits to Presidential power and the constitutional duties of Congress. The courts and some States and City Mayors have tried to push back¹⁵. After a personal spat with Trump, Elon Musk left the scene, was reported to be in the process of forming a new political party¹⁶, only to be 'reunited' with Trump at the memorial service for Charlie Kirk¹⁷.

Having launched an attack on education (abolishing the Federal Department of Education) and on higher education (particularly Harvard and Columbia¹⁸), and on the so-called 'deep state' and the 'elites' at home, the President in the summer of 2025 found himself more actively involved in global affairs (claiming to have stopped wars and now worthy of receiving a Nobel Prize for Peace). There will be more disruption to come on both fronts as Trump continues to test *"the 'unitary executive theory' which argues that the Constitution gives the president full control over the executive branch, including the power to direct or remove executive officials at will"*¹⁹.

Fundamental change in the terrain for global trade

Power blocs in a digital age: A new geoeconomic order appearing

The 'first hundred days' for Trump were not quite what he and his promoters promised the US electorate at the end of 2024. He particularly unnerved those not part of the 'Project 2025'. Grand electoral plans to 'Make America Great Again' (MAGA) have become caught up in external and internal volatility and some local Republican party squabbles (the Epstein affair for example²⁰), are muddled by the MAHA (Make America Healthy Again) agenda (vaccine scepticism, confrontation with the pharmaceutical industry etc.), but are still very much the overarching ambition.

We are it seems still at the mercy of the now well-known and much quoted exhortation to *'move fast and break things'*. Breaking things Trump has certainly done, but the critical *"what next?"* question - beyond generating growing uncertainty at home and abroad - is still to be answered. As the world continues to face potentially dangerous events in the Middle East and Russia/Ukraine there is little comfort from having a capricious US President in charge with a Team that is wholly compliant²¹.

¹³ <https://www.theguardian.com/us-news/trump-administration>

¹⁴ <https://www.bbc.co.uk/news/articles/cj07e3rjev2o>

¹⁵ <https://www.prospectmagazine.co.uk/world/united-states/69827/united-states-trump-the-fightback-has-begun>

¹⁶ Musk was moving to create his own independent political party "The America Party", but then stepped back <https://www.reuters.com/business/retail-consumer/musk-quietly-puts-brakes-plans-new-political-party-wsj-says-2025-08-20/>

¹⁷ <https://www.bbc.co.uk/news/articles/ckgee0x9p40o>

¹⁸ <https://www.theguardian.com/us-news/2025/mar/21/columbia-university-funding-trump-demands>

¹⁹ <https://www.only-connect.co.uk/post/president-trump-article-ii-allows-me-to-do-whatever-i-want>

²⁰ <https://www.bbc.co.uk/news/articles/cy8ge16d2y3o>

²¹ To see compliance in action look at any of the transcripts of Cabinet meetings with Trump dominating the session and the often-gushing praise from the other participants. <https://rollcall.com/factbase/trump/topic/calendar/>

In the sphere of international trade, the White House has hinted at going further than the tariff raids. There were suggestions of the imposition of taxes on inward investors to the US – particularly from rivals like China, followed by \$100,000 charges to be added for skilled visas. The idea has been aired of charging other countries for the privilege of using dollar-based finance and of making nations under the US security umbrella buy long-dated bonds. Sanctions were mooted for any nations that try to move away from using the dollar as reserve currency.

In combination this may represent a strong shift in global affairs toward a model of *Weaponised Interdependence* where the strong manipulate the system to their own advantage²².

Box 1. Weaponised interdependence

A contemporary take on how the global economic system is being transformed is set out in a recent *Foreign Affairs* paper by Farrel and Newman through the idea of ‘*weaponised interdependence*’²³.

Instead of achieving mutual benefit through the market exploitation of a complex interconnected system, the paper suggests that the contemporary model is leaning more heavily towards a situation where powerful states use their weight across domains to coerce others to provide them with advantage. Control is everything, particularly at ‘chokepoints’²⁴. Hence the obsession by Trump to take over the Panama Canal, to ‘purchase’ Greenland for its Arctic position and rare earths, China’s ‘Belt and Road’, and attempts by Houthi rebels and their sponsors to interfere in the Straits of Hormuz.

The essence lies in the use of global financial systems, technology platforms and defence agreements to exert pressure, to extract concessions, and if necessary punish rivals. Intense surveillance is essential to monitor compliance.

The main protagonists are the US and China (perhaps 70/30) in dominating the system and struggling for position. Other state players retaliate by whatever means is open to them, for example the coming together of China, Russia and North Korea in an entente²⁵.

The instruments (tariffs, sanctions, supply chain control, export controls) are used as weapons of economic coercion, and are applied by those with the power to deploy them. Things are, however, changing more widely and deeply than just in the Technosphere, making the position of national governments more difficult. Big power politics is back and is moulding the global trading system. For a much deeper appreciation of the impact of the US “earthquake” and its range and severity than we have scope for here see Adam Posen’s recent and disturbing paper²⁶.

Significantly, all these change processes are drawn to operate in a parallel context where globally dominant cloud platform ‘hyperscalers’ like Microsoft, Apple, Met , Google, Amazon Web (Azure), Oracle, AWS, Alibaba, Huawei and Tencent between them have *already achieved hegemony* across the international scene²⁷. Through their national provider vehicles in this set the most powerful

²² <https://www.foreignaffairs.com/united-states/weaponized-world-economy-farrell-newman>

²³ <https://www.foreignaffairs.com/united-states/weaponized-world-economy-farrell-newman>

²⁴ Ranging across access to rare earths and other critical minerals <https://www.ft.com/content/aa03e3b0-606d-4106-97dc-bac8ad679131> to safe access to major transportation routes <https://www.ft.com/content/c02a9274-345e-42e2-8585-d8dfa007b357>

²⁵ <https://www.theguardian.com/world/2025/sep/03/kim-jong-un-promises-to-do-everything-to-assist-moscow-vladimir-putin-russia-north-korea>

²⁶ Adam S Posen (2025), *The New Economic Geography Who Profits in a Post American World?* Foreign Affairs, September/October, Published on August 19.

²⁷ We considered this in our March paper.

nations like the US and China can extract commercial (and geopolitical) advantage across whole sectors using the tech owners 'digital sovereignty landing zones' (DSLZs)²⁸.

Against this backdrop, big players outside the US, like China, move to protect their interests through the assertion of their own power where they can²⁹. China has robustly responded to Trump's threats³⁰. A further strengthening of alternative power blocks outside the Global North (the BRICS³¹) and the broader Non-Aligned Movement (NAM) Group, for example³², has been coming more into play.

The European Union (EU) has the capacity to play a major role in this context, but as Mario Draghi put it *"despite being home to 450 million people and one of the largest economies in the world, the European Union today plays a marginal role in shaping global events"*³³. The global terrain for trade and economic management is moving toward a *new global economic order* that brings to an end both the established liberal market consensus and the US as a dominant but generally trusted partner³⁴.

The financial market response

Remarkably, despite all that is going on, it seems that the financial markets have been taking an overall benign view, although concerned about uncertainty³⁵. Regular short-term movements have been taking place in response to Trump's announcements but on balance the bond markets remain in watchful mode - still able to make profitable market guesses across such a turbulent landscape. The currently massive boom in capital investment for the AI revolution is keeping the markets fully engaged and broadly hopeful³⁶.

However, there are regular references (as yet only in background) to a potential '*tech bubble*' and the threat of a '*dot com*' style crash. Of course, the financial elites in the marketplace can cheerfully await the promised bonanza from Trump's promised tax cuts. Meanwhile, the dominant global tech giants have their strong asset bases, spectacular personal and corporate wealth and ever-increasing reach. They are still firmly in place and largely unchallenged³⁷.

While this is going on, some key trends are beginning to emerge inside the US as the Trump measures begin to take effect. The falling value of the dollar and its declining popularity as a reserve currency is capable of giving the US economy a competitive boost, although it is expected to flow through to rising prices and the threat of inflation. This has triggered a war between Powell at the Federal Reserve and the White House about the timing of tax cuts³⁸.

Recent new job creation numbers in the US have been modest with the September 5 release noting *"Total nonfarm payroll employment changed little in August (+22,000) and has shown little change*

²⁸ For example <https://learn.microsoft.com/en-us/industry/sovereignty/slz-overview>

²⁹ <https://www.kcl.ac.uk/a-new-geopolitical-reality-the-unexpected-silver-linings-of-trumps-global-disruptions>

³⁰ <https://www.bbc.com/news/articles/cje7zex3njwo>

³¹ <https://bricstoday.com/brics-navigating-trade-wars/>

³² <https://www.britannica.com/topic/Non-Aligned-Movement>

³³ <https://www.politico.eu/article/mario-draghi-eu-donald-trump-geopolitics-central-bank-power-influence/>

³⁴ <https://www.ft.com/content/f836b4e2-38d7-4ffb-b526-2a777988b0ff>

³⁵ <https://www.ft.com/content/47fddeeb-3ded-4cda-8cb7-72036f36b427>

³⁶ <https://www.forbes.com/sites/chriswestfall/2025/06/24/ai-investment-represents-new-gold-rush-for-investors-entrepreneurs/>

³⁷ See our earlier paper. Peter Lloyd and Michael Blakemore (2025) Troubled Times: Polycrisis Meets Global Uncertainty, <https://www.peter-lloyd.co.uk/papers-and-blogs/>

³⁸ There was then a threat to sack Lisa Cook a Federal Reserve Governor to be contested in law. <https://www.dw.com/en/what-trumps-fed-power-play-could-mean-for-the-us-and-global-economies/a-73772384>

since April”³⁹ (unsurprisingly much of it across the public sector with losses of federal employees). The response was the appalling situation where the Director of the Bureau of National Statistics was fired by Trump for allegedly manipulating the numbers⁴⁰. Misgivings are inevitably being raised at the domestic downside effects of the President’s approach to economic management⁴¹.

Big power politics under a fast-moving technological revolution

The tsunami of change that Trump has unleashed is taking place alongside a massive acceleration in digital technologies. The specular expansion of Artificial Intelligence (AI) applications is already starting to transform business, political, and social landscapes. In the face of all this the bond, equity and currency markets seem to be shifting in ways that even those operating in them are sometimes struggling to understand⁴². While there is quiescence in the short term, concerns have been growing about the bond market’s position on longer term debt under such uncertainty⁴³.

At the global macro-scale a forty-year phase of open markets and globalisation (high Neoliberalism) has given way to global trade arrangements where powerful nations and blocs increasingly seek to capture and organise the international marketplace in their own interests (Mercantilism re-visited for the digital age). Governments are using their power-positions in international trade, finance and cloud networks to achieve political, security and economic goals⁴⁴. The era of open trade in an ordered globalised marketplace appears to be threatened. Free market liberalism and globalisation as we knew them look to be fading into history.

Looking back, Trump’s tariff manipulation can perhaps, however, be framed as just the most recent step in a process that had already been starting to play out some time before his arrival. China’s Belt and Road Initiative provided an early example of a global power-strategy. It was launched in 2013 to use infrastructure investments to enhance trade and economic connectivity between Asia, Europe, and Africa and capture advantage from it⁴⁵. It represented a strategic programme to extend China’s influence while promoting regional economic growth for its participating nations. More critical recently has been China’s move to dominate the institutional and structural arrangements surrounding the *extraction of rare earths*⁴⁶.

Trump’s tariffs strategy is then just another move in this game of ‘big player’ global politics⁴⁷. It seeks to position the US in a dominant position - with respect to China in particular - by using interventions in the global marketplace and in technological sphere from a nation with the current political power to do so. Other power-policies it is suggested could include exploiting the possibilities for “regulatory

³⁹ <https://www.bls.gov/news.release/empst.nr0.htm>

⁴⁰ <https://www.bbc.com/news/articles/cvg3xrrzdr0o>

⁴¹ <https://www.chathamhouse.org/2025/09/trumps-policies-and-actions-pose-serious-risks-corporate-america>

⁴² <https://www.ft.com/content/762c79d2-f9c9-4e68-9a9c-bcfd443ad63e>

⁴³ <https://www.ft.com/content/5e614112-e51a-414f-9030-9876235a1b28>

⁴⁴ Geoeconomics is a field that concentrates specifically on this. See Matteo Maggiori at <https://www.gsb.stanford.edu/faculty-research/working-papers/framework-geoeconomics>

⁴⁵ <https://www.chathamhouse.org/2021/09/what-chinas-belt-and-road-initiative-bri>

⁴⁶ <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/mapping-chinas-strategy-for-rare-earths-dominance/>

⁴⁷ Some changes with the potential to have wide-ranging effects have also been applied while the attention has been fixed on tariffs. A less widely noticed move on the international trade front is that the G7 has found itself ‘bulldogged’ into allowing US companies to be exempt from the Pillar of the G20 Inclusion Framework that sets a reasonable minimum on the corporate tax deals extracted from countries seeking to capture inward investment. This delivers US companies a potential competitive advantage in world trade over those not so exempt.

constraints, aggressive currency devaluations, foreign asset purchases, and controls over the export of energy and rare earths”⁴⁸. This looks to be the ending of the post-war era of ordered international trade. We are in new geoeconomic territory.

This global turbulence is happening against a context where the liberal economies are still recovering from the financial crash and the Covid pandemic. A World Bank report⁴⁹ stated that global growth has been at its *weakest outside recessions* since 2008. In 2025, this was estimated to be 2.3 percent and almost 70 percent of all countries have seen their recent growth forecasts downgraded. Trade tensions from Trump 2.0 have added further uncertainty. Investors may hold back when it is so hard to price the risk of what is going on and to estimate what might be over the horizon. The impact of the AI boom has yet to feed back fully into economic growth rates and there is no certainty as to the balance of positive and negative effects on jobs and national and international economic growth⁵⁰.

Unsurprisingly corporate businesses have struggled to see beyond the ‘day to day’ – not least as the US position on trade, tariffs and war aims is constantly shifting. The markets have been volatile. There is little evidence to suggest that there will be economic growth that matches the higher rates achieved in the past. Upgrading its most recent forecast the IMF is suggesting that growth this year will be around 3.0 percent (and 3.1 percent in 2026)⁵¹. Just before Covid in 2021 it was 6.3 percent and pre-2008 crash around 4 percent⁵².

In addition to all this and events in the Middle East, energy costs (though currently relatively stable) have the potential to skyrocket if more strife breaks out. Global logistics networks are still struggling to respond after the Covid disruption and are further impacted as the global picture changes⁵³. While trade deals are being done, (the recent UK-India one for example⁵⁴) these are still facing conditionalities as Trump continues to change his position and external geopolitical events are in constant flux⁵⁵. Overall, global economic growth is at best slow for most of the world’s key players and the future is at its most uncertain since the second world war, with increasing realisation of the fragility of our digital network infrastructures⁵⁶.

What this means for the UK

Uncertainty depressing already limited prospects for growth

The UK is one of the many countries affected by current events. The Trump phenomenon comes on top of a period when most of the liberal economies experienced low or flat growth for over a decade. Productivity has been in decline across the OECD, slowing from 2 percent annual growth to 0.8 percent

⁴⁸ <https://www.hks.harvard.edu/centers/mrcbg/programs/growthpolicy/global-discord-values-and-power-fractured-world-order-paul>

⁴⁹ <https://www.worldbank.org/en/news/press-release/2025/06/10/global-economic-prospects-june-2025-press-release>

⁵⁰ The Labour government has tied itself up in knots over growth, taxes, and the markets

<https://www.ft.com/content/82a95e52-440e-4665-a121-a19d087461c3>

<https://www.ft.com/content/c8763487-8b2a-4250-9562-8d8864601606>

⁵¹ <https://www.ft.com/content/a92ec981-8a89-4caf-878d-6278186c9e31>

⁵² <https://www.macrotrends.net/global-metrics/countries/wld/world/gdp-growth-rate>

⁵³ <https://maritime-hub.com/global-shipping-industry-trends-by-international-chamber-of-shipping-ics/>

⁵⁴ <https://www.gov.uk/government/publications/uk-india-trade-deal-conclusion-summary/uk-india-trade-deal-conclusion-summary>

⁵⁵ <https://www.bbc.co.uk/news/articles/c1w83j35jijo>

⁵⁶ <https://www.ft.com/content/0b351091-3f82-4f2f-bef2-a52a35f009f2> and <https://op.europa.eu/en/publication-detail/-/publication/3f7e0d47-92a5-11f0-97c8-01aa75ed71a1/language-en>

over the last decade⁵⁷. With a financial crash and then a pandemic, the ability of most western liberal economies to gather enough public funds to meet growing domestic pressures has been compromised. The Trump episode adds more difficulty to an already challenging situation.

In the EU context, for example, both France and Germany have, like the UK, been experiencing low growth and rising public debt. The economies of both are in difficulty. The possibility of high inflation with low growth ('stagflation') is a constant concern. The UK Chancellor is, then, not the only one having to keep a close eye on the key macro-economic indicators.

Looking back over decades, and even before the economic crash and the pandemic, the general situation is that across-the-board economic growth has been getting steadily more difficult to achieve. In response to this, *inequality has been rising* as a limited number of people and places have been able to do much better than others. Across the market economies as a whole there has been a general inability to find the economic growth needed to 'balance the books'⁵⁸.

UK struggling more than its peers

For the UK a decade and a half of austerity policies served to press down still further on public sector finance and wages. This has sharpened the edge of inequality and regional and local deprivation, which rose sharply in the 1980s. It was to fall back later but remains at a higher rate than in most other OECD comparator countries⁵⁹. By 2023 around 12 million people in the UK were defined as living in absolute low income (before housing costs)⁶⁰. That is around 18 percent of the overall UK population⁶¹.

Things have not improved. In August 2025, NIESR was able to make the following observation "*the living standards of the poorest 10 per cent of UK households are falling. In 2024-25 they declined by 1.3 per cent compared with 2023-24 and they are still some 10 per cent lower than pre-Covid levels*"⁶². A Guardian Editorial succinctly observed that the UK economy is "*service-heavy and regionally lopsided*"⁶³ and this is *widening inequalities*"⁶⁴.

Even this depressing picture does not tell the full story. The standard, data driven, sector by sector accounting (subject also to the concerns about falling accuracy of official statistics⁶⁵) currently used to describe the state of the nation tends to abstract from the *connections and interacting causalities* at work in a complex economic system that can act to multiply effects. A crisis in one domain, such as health, education, housing, or transport, tends to beget trouble in others in a cascading process of what, across our recent papers, we have been calling a **polycrisis**. Inequality and deprivation have

⁵⁷ <https://oecdecoscope.blog/2024/10/11/a-policy-framework-for-reviving-productivity-growth/>

⁵⁸ <https://www.lrb.co.uk/the-paper/v44/n11/william-davies/destination-unknown>

⁵⁹ <https://www.bbc.co.uk/news/articles/cy0wr7nw7wxo>

⁶⁰ "Absolute low income refers to people living in households with income below 60% of median income in a base year. This measurement is adjusted for inflation. Material deprivation is where it is not possible to afford certain essential items and activities" <https://www.jrf.org.uk/deep-poverty-and-destitution/what-is-poverty>.

⁶¹ <https://www.resolutionfoundation.org/publications/living-standards-outlook-summer-2023/>

⁶² <https://niesr.ac.uk/publications/uk-economic-outlook-chancellors-trilemma?type=uk-economic-outlook>

⁶³

[https://eprints.soton.ac.uk/479956/1/Capitalism divided London financialisation and the UK s spatially unbalanced economy.pdf](https://eprints.soton.ac.uk/479956/1/Capitalism_divided_London_financialisation_and_the_UK_s_spatially_unbalanced_economy.pdf)

⁶⁴ <https://www.theguardian.com/commentisfree/2025/aug/12/the-guardian-view-on-labours-feelgood-economy-its-not-for-everyone-especially-the-poorest>

⁶⁵ <https://osr.statisticsauthority.gov.uk/publication/systemic-review-of-ons-economic-statistics-interim-report/> and in the US where Trump is attacking official statistics, the private sector turns to fill the credibility gap with its own data <https://www.ft.com/content/d0d3fa3e-cd43-43db-a4e4-10de2f9ebb88>

complex causal drivers such as high levels of inactivity, flat wages, unaffordable rents, tightened welfare benefits, rising food costs, all with their own ripple effects.

The obvious example is how poverty impacts the health of the nation and from it creates a rising demand for health and social care services. Despite government efforts to protect the NHS, its performance has continued to decline⁶⁶. (We looked at this in an earlier paper⁶⁷). Similarly, a general crisis of child poverty connects through to *rising problems for education* and young people's mental health. Issues of home affordability lead on to housing stress and overcrowding, with downstream impacts on chronic health conditions and potentially social order.

Confronting this depressing situation, rising demands for cuts in public service budgets have seen cash-strapped providers becoming increasingly overwhelmed. The previous government responded to the Public Sector Net Cash Requirement (PSNCR) (the previous term was Public Sector Borrowing Requirement - PSBR⁶⁸), in effect the budget deficit, with demands for year on year 'efficiency savings' (usually budget cuts). For a decade and a half the 'cascade effects' ran across the entire public realm. This has continued under the Labour administration but to a lesser extent⁶⁹.

In terms of capital as opposed to revenue spend, depreciation in the stock of fixed public assets has also been allowed to continue. There has been an accretion of serious infrastructural problems across NHS hospitals, schools and colleges, road and rail systems and the public utilities⁷⁰. Privatisation and the Private Finance Initiative (PFI) as the chosen remedy for this has largely been a costly failure⁷¹.

Geography Matters

All this is set in differential a geography of place. Transpose the general story above onto a *regional and local canvas* and the reality of a troubled nation is clear to see. The problems of inequality and deprivation take on a much more sharply etched picture. It has become easier in recent years to "see into" this better at a local scale. Each of the constituent nations of the UK has taken steps to map deprivation across its own space.

England has had the benefit from a 2019 Index of Multiple Deprivation (IMD) looking across 8 domains and for the lowest level of spatial aggregation - the LSOA⁷². However, the only index able to map across the whole UK is the *UK Deprivation Index* (UKDI) for 2021 (2022 for Scotland). This uses just three domains *employment status, education, and self-reported health*⁷³. What emerges is a detailed picture of the micro-geography of deprivation in the UK.

Through blighted by its timing in relation to the Covid pandemic, the index shows clearly the enormous range of differentiation between local places in the UK in the way they experience the challenges of employment, education and health. The trends are shown as the proportion of 'zones' (local areas)

⁶⁶ <https://www.kingsfund.org.uk/insight-and-analysis/projects/public-satisfaction-with-nhs>

⁶⁷ Peter Lloyd and Michael Blakemore (2024), *Poverty and Place Based Deprivation: Waiting for Economic Growth*. <https://peter-lloyd.co.uk/papers-and-blogs/>

⁶⁸ <https://obr.uk/forecasts-in-depth/brief-guides-and-explainers/public-finances/> and https://en.wikipedia.org/wiki/Public_Sector_Net_Cash_Requirement

⁶⁹ <https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html>

⁷⁰ <https://www.nao.org.uk/reports/maintaining-public-service-facilities/>

⁷¹ <https://www.economist.com/by-invitation/2023/07/10/mathew-lawrence-on-why-privatisation-has-been-a-costly-failure-in-britain>

⁷²

https://assets.publishing.service.gov.uk/media/5d8b387740f0b609909b5908/loD2019_Technical_Report.pdf

⁷³ <https://www.nuffieldfoundation.org/wp-content/uploads/2022/02/UKDI-Short-Briefing-1.pdf>

across Wales, Scotland and Northern Ireland, and within each region of England *that fall within the most deprived 10% of areas for the UK as a whole*. Northern Ireland has the highest deprivation levels, with 25% of its zones in the most deprived 10%. Second comes the North East of England, at 21%.

At the level of local authorities Derry City and Strabane has 45% of its local zones in the most deprived 10%, with Belfast ranked in second place at 40%. Middlesbrough has 39%, Sandwell, Liverpool and Hartlepool 33%, Glasgow City 32%, and Blaenau Gwent 30%.

Domain by domain (employment, education, health) the scale of disadvantage being suffered by local people in some parts of the nation is extreme. Post pandemic, things will not have significantly improved for them. These are not so much ‘pockets’ of deprivation but are whole segments within the towns and cities of the UK where people are living out their lives in poor circumstances with little hope of betterment.

Fiscal headroom and a fixation on economic growth

To deal with all this, the incoming Labour government decided in 2024 to ‘bet the farm’ on *growing the economy* as the only major means to break out of decades of decline and austerity. At that time it set its face firmly against tax rises. As pointed out in our March 2025 paper, the Chancellor tied herself very firmly to absolute fiscal probity and the ‘one club golfing’ strategy of depending on *GDP growth* to address the ills of the nation. Her ‘ironclad’ rules consciously denied room for manoeuvre except where and whenever *growth could be achieved* (until, that is, on 29 September 2025 when the Chancellor did not rule out tax rises⁷⁴).

Taking a view on just how realistic this approach has turned out to be, on September 30, 2025, the Office for National Statistics reported that UK GDP was “*estimated to have grown by an unrevised 0.3% in Quarter 2 (Apr to June) 2025, following an unrevised increase of 0.7% in Quarter 1 (Jan to Mar)*”⁷⁵. With a tentative annual growth projection for 2025 being around 1.1% there is little to lift the spirits when annual growth in the heyday of the UK economy in the mid-1960s (surely the ambition) stood at 4.0-6.0%.

The proposed remedy for the many ills of the nation is then *by no means proportional to the scale of the task or on a timescale needed to make a difference*. So much more is required than balanced finances driven by economic growth – wonderful though this would be. Even before the arrival of Trump and the global shift to ‘big bloc’ approaches, this was going to be a hard road to travel. *What price the same strategy now?* The starting phase of the Trump administration confronted economies across the globe with such turbulence and uncertainty that any government needs to have *flexible options and great resilience* to ride out four more years of serious challenge. The *new international economic order* is going to demand much more intensive re-thinking of the whole UK national strategy.

Even abstracting from the Trump effect, having *fiscal rule adherence* as the over-riding policy narrative (despite its appeal to the Treasury and the bond market watchers) had a challenging start. The £22 billion identified by the Chancellor as being available to fill the existing ‘black hole’ in public borrowing started to disappear quickly and the fiscal ‘headroom’ to facilitate economic innovation and growth infrastructural improvement came immediately under pressure⁷⁶.

⁷⁴ <https://www.ft.com/content/82a95e52-440e-4665-a121-a19d087461c3>

⁷⁵ <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/apriltojune2025>

⁷⁶ <https://www.ft.com/content/a15c1840-7ff7-46d4-9836-a4567c6a1f14>

The NIESR has indicated that the fiscal gap has now ballooned to *£40 Billion* while borrowing costs have continued to rise. Finding ways to rescue a blighted infrastructure, to restore (even in part) long neglected public service budgets, to start to restore the lost value of public sector pay and tackle a housing crisis as Labour is trying to do in its first year may be doomed against this sort of backdrop.

Unsurprisingly, tax rises are now firmly on the agenda. This is by no means a simple remedy. We have the experience of the Labour government's early move to raise employers' national insurance (NIC) to learn from⁷⁷. Cost pressures followed for almost 8 out of 10 businesses and two-thirds considered raising prices. The labour market was particularly affected in hospitality and retail. Not least also is the outcome that there was a *negative impact on GDP*⁷⁸.

'Taxing the rich' would no doubt be a popular proposition but Treasury modelling will be trying to balance the equation of capturing revenue from this without triggering downside effects on GDP as the pivot for the core economic policy. *There are no easy tax options*. On top of the wicked issues of 'how much and for whom', there are complex feedback loops that can play out with potentially negative effects across the system. We wait with interest to see in the forthcoming budget how government squares the circle in tackling the financial deficit.

While having fiscal discipline and enough economic growth to balance the books looks attractive as a central policy objective, everything set out above suggests that the odds look strongly against being able to achieve this *in anything but the long run*. *Waiting time* is always going to be a key issue for government given the current situation. On this account, it does not help to sell the 'wait and see' proposition to the people against the UK national track record for long timetable planning projects. The long-running HS2 debacle has been a depressing example. HS2 is scheduled to see massive spend *without tangible rewards until the 2030s* - even for its now truncated form⁷⁹. At the same time the national rail transport infrastructure continues to suffer daily problems across the network⁸⁰.

The NHS is now operating on a *Ten-Year Plan* for renewal and reform⁸¹, while day-to-day performance has seen public satisfaction fall to an all-time low. Building the promised one and a half million new houses saw a first year when there was no net increase in new homes construction and looks fanciful⁸².

Faced with all this, the Chancellor's statement of intent is that she is going to double down on raising *productivity* and on *planning system reform*⁸³. It may be that both are necessary and will be seen as the right messages for the banking and financial community. However, against the evidence all around in the sphere of lived experience this looks like another 'economics informed' free market rallying call to an audience far removed from what the government like to call 'working people'.

Whatever the underlying logic, staying faithful to the liberal market track for the long run has little to say to those facing acute daily challenges in their lived experience in the *here and now*. Basic living costs are rising, wages have only increased marginally and benefit rules are being tightened. The shortcomings of the NHS, getting around from place to place on potholed roads, trying to cope with a

⁷⁷ <https://moneyweek.com/personal-finance/national-insurance/employers-national-insurance>

⁷⁸ <https://www.oxfordeconomics.com/resource/what-the-rise-in-nics-means-for-the-uk-labour-market/>

⁷⁹ <https://www.bbc.com/news/articles/cy0wr7nw7wxo>

⁸⁰ to the extent that there is a useful dynamic map of delays across the network

<https://www.railwaygazette.com/uk/real-time-disruption-map-videos-launched-to-help-passengers-during-unexpected-train-delays/69653.article>

⁸¹ <https://www.gov.uk/government/publications/10-year-health-plan-for-england-fit-for-the-future>

⁸² <https://www.bbc.co.uk/news/articles/cr5rmz0vreno>

⁸³ <https://www.theguardian.com/business/2025/aug/14/economic-bounceback-may-be-under-way-but-reeves-cannot-afford-to-relax>

blighted railway system and living with issues of pollution and water supply are what people want to hear short-term (as well as long-term) remedies for⁸⁴. In jobs terms, the labour market “*has deteriorated. Hiring has slowed, pay packets are starting to feel thinner, and there may even be fewer working people in Britain overall*”⁸⁵.

Regeneration and property development

On the private-for-profit business, corporate and investment side of the national account, things have been rather different though confidence was falling⁸⁶. The property development sector has done very well. After struggling to survive in the financial crash and being bailed out, it has seen more than a decade of growth as the major cities and ‘favoured places’ have been physically transformed with new office blocks, apartment developments, expanded universities, tech hubs and a drive for built environment regeneration. Second order towns and cities, the nation’s left behind places and rural areas have fared less well in general terms but they too have been able to benefit from a raft of various Treasury monitored ‘bid-and-challenge’ regeneration pots over recent decades⁸⁷.

Through the lens of the commercial built environment at prestige nodes, the UK does not physically match the picture that the standard story of inequality and deprivation paints. Step away from city centres, urban fringe shopping malls, university campus developments, however, and the landscape tells a very different story. Mapping at a lower level of spatial aggregation shows up the fabric that comes with poverty, chronic ill health, mental health issues for children and young people and so on. The ‘islands of regeneration’ are justified for their wider positive effects on local economies through a notion of trickle down that generally fails to materialise.

The Chancellor’s script may play well to the property market (“free up planning rules”) but the business community in general is in a state where, according to the CBI, business confidence has weakened and profits are at a 5 year low⁸⁸ - again we were to be excited that things have improved on the most recent month’s figures. The repeated Ministerial refrain that “*we must have economic growth to deliver the necessary fiscal headroom to change things*” may be true in its own logical domain but with the world as it is in the Trump era, the suspension of disbelief required in the general populace to buy into such a message is far too great for it to be a source of comfort.

Electoral dissatisfaction

Politics and electoral timetables inevitably have a powerful effect on how much time the Chancellor’s declared central strategy actually has to play itself out and how long the strategy will be given to work⁸⁹. The *one in five UK households* struggling to get by from day to day can find no comfort from hearing about a world perceived remotely through the lens of econometric models and financial instruments. It is not just about those in economic difficulty, however. Gen Z’ers and younger Millennials may also find themselves feeling out of sync with a script that has little to say to them.

⁸⁴ <https://www.geostrategy.org.uk/research/road-to-nowhere-britains-infrastructure-problem/>
<https://commonslibrary.parliament.uk/research-briefings/sn06594/>

⁸⁵ <https://www.ft.com/content/b3fd8bb9-ba90-4576-a2f6-6f67bc3cc24d>

⁸⁶ <https://theconversation.com/how-big-uk-housebuilders-have-remained-profitable-without-meeting-housing-supply-targets-215757>

⁸⁷ For a comprehensive view of spatial policies after the financial crash see:
<https://doi.org/10.1177/09697764241287376>

⁸⁸ <https://www.theguardian.com/business/2025/aug/27/confidence-drops-across-uk-services-in-face-of-higher-costs-and-weak-demand>

⁸⁹ add to that the political turbulence within the Labour party
<https://www.bbc.co.uk/news/articles/c1kwlzv9zl1o>

Events in Nepal, Morocco, Peru and elsewhere, show that young people now have social media as a powerful tool for confronting and even overturning governments⁹⁰. Things are changing very quickly in the way the cyber generation sees, values and acts in the world.

Unlike their parents and grandparents, many younger people live in a world where it often is not clear to discern an upward path. Owning a home, using it as a platform to build an asset base, occupying a position on a status ladder that allows social mobility and looking forward to stable enjoyable retirement is a life-model that they do not have easy access to. Old class-based 'career ladder' and 'model household' aspirations are increasingly being regarded as neither attainable nor even necessarily desirable. In the cyber-society of social media, streaming entertainment, fast fashion, the 'look', the influencer, and the gig, values and aspirations are more individualised and about the here and now. There is little buy in to universal moral value systems or to grand ideologies.

This may give rise to a different and attractive urban vibe in London and the major cities. But with it comes the difficulty of finding affordable accommodation with high and rising rental costs. This might also be true for younger age groups in the mid-sized standalone urban agglomerations of the outer South East and in those places hosting higher education hubs and economic growth nodes. Young people in these cases may sense themselves to be 'doing well' in experiential terms but within a context of anxiety about the future and offering little prospect of building an asset base for later life.

Outside the major urban nodes the prospects for Gen-Z look may look much more challenging with many remaining dependent on their family home and limited in their scope for participation in the more expensive components of the 'good life' for young people. Wokingham and Wycombe are a long way from Wallsend and Wigan when it comes to lived experience and life chances. The prospect that they should just 'get on with their lives' while waiting for *economic growth to fix their problems* is pure fantasy. It remains to be seen how this will play out in electoral terms.

One year in for the Labour government, the electoral landscape began to shift sharply as the electorate became easy prey to 'great simplifiers' with messages that, even if false, are more relatable to the conditions people are living in. Blaming 'others' (whoever they may be this time, whether just migrants or specific ethnic/religious groupings) for the experience of living in deprivation and without hope is such a historically well used script that the current political movement to the populist right comes as no surprise. It can naturally occupy the yawning gap between a macroeconomic fixation at the centre and the harsh realities of lived experience of people in place.

A "tin eared" government response

While the government talks in a language comforting for itself and those within its intellectual orbit, the wider population is regaled by populists with soundbites and emotional slogans. The fixation with flags in the summer of 2025 is revealing. It has strong extreme right connections and can, as we have seen, spread with remarkable speed. It taps into an agenda of nativist anti-immigration sentiment⁹¹.

Buttressed by the wide possibilities on offer from social media, it has a power that cannot be ignored. To change the direction of travel – regardless of the extreme challenges of grappling with the economic context – government seriously needs to address its own *communications and messaging*. People need to be persuaded that their real day-to-day issues are being both understood and taken seriously at the centre. Being fiscally prudent and banking on economic growth as the dominant

⁹⁰ <https://www.bbc.co.uk/news/articles/cn4ljv39em7o>

⁹¹ <https://www.msn.com/en-gb/news/uknews/patriotic-or-provocative-what-is-behind-the-increase-in-flags-across-the-uk/ar-AA1LI7sE>

message may well be right but it does not play as a ‘hearts and minds’ message of hope in unusually difficult times for a wide spectrum of the population.

That things were beginning to reach a critical point has been shown by events in the spring and summer of 2025. Electorally, the spectacular showing of the Reform Party in the local government elections was a signal moment. In parliament, the rebellion on the government’s own benches over the £5Bn welfare cuts was strong enough to force a humiliating climb down. The strikes of resident doctors added pressure from an unexpected quarter⁹². These sit alongside a more familiar pattern of strikes in refuse disposal, train and bus drivers and airport baggage handlers⁹³.

All this can be seen as a ‘bubbling up’ of widespread popular dissatisfaction with the slowness of the government ‘*agenda for change*’ as the message that brought Labour to power. The electorate and now party insiders are, it seems, increasingly unwilling to buy into the ‘jam tomorrow’ economic argument especially when ‘tomorrow’ is surrounded by such uncertainty in the global arena.

Telling it as it is: The road to stagflation

The Labour plan was, of course, set in place before the new US President appeared on the scene. It has an undeniable economic logic under the accepted ‘rules of the game’ for the time. The aim is to be seen as fiscally responsible so that the bond markets will not respond as they did for the Truss administration. As we have seen, the UK economy has been in particular difficulty since the 2008 crash and the pandemic and the choice of austerity by its predecessor is a legacy Labour has to deal with.

The problem of rising government debt continues to be a real and important one. Public Sector borrowing already stands at 90 percent of GDP - bringing in its wake huge costs for loan servicing. Recently public debt has reached a level not seen since the 1960s.⁹⁴ At the beginning of September 2025, we hear that the cost of long-term borrowing is at its highest since 1996 - making the ‘fiscal hole’ for the Chancellor still deeper⁹⁵. But cold economic logic, however understandable under the rules, is not going to be able to repair the damage to the public services and capture the hearts and minds of people at various levels in UK society who have been struggling for decades.

Our recent papers have all mapped out in detail the scale of the *polycrisis* facing the country after a decade and a half of government-imposed austerity, flat wages and an increasing inability to find an affordable home. Government messages like “*the £5 billion extracted from the Welfare Bill for the disabled has to come from somewhere*” verges on the patronising. It is clearly a truism, but as a government message to an anxious and frustrated electorate it can look arrogant and insensitive. Going forward under the banner of ‘fiscal probity’, pressures on the overall funding envelope lead inevitably to speculation about tax rises in the Autumn budget⁹⁶. The question arises as to how this, increasingly hard to take, pressure is going to play out in view of what was said earlier about what is going on the *wider Trumpian and geoeconomic global context*.

Tragically then, an already struggling economy provides the domestic context against which the turbulence of the Trump era is destined to impact the UK. The Chancellor is right to assume there is no fiscal ‘headroom’ to play with and it cannot be ‘magicked’ up by political sophistry⁹⁷. There is a

⁹² <https://news.sky.com/story/resident-doctors-strike-to-go-ahead-as-government-refuses-to-budge-on-pay-13400244>

⁹³ <https://www.strikecalendar.co.uk/>

⁹⁴ <https://www.gov.uk/government/publications/debt-management-report-2025-26>

⁹⁵ <https://www.bbc.co.uk/news/articles/cx27nm2mn5po>

⁹⁶ <https://www.bbc.co.uk/news/articles/cn85vyd1epzo>

⁹⁷ <https://www.bbc.co.uk/news/articles/cn02wp193reo>

reasonable assumption that the country faces a trajectory of at best limited economic growth. Productivity will not suddenly improve and wages will at best be slow growing. Against this background, poverty indicators are rising inexorably. The UK has slipped down the advanced world rankings for children's mental and physical health, obesity and the diseases of poverty.

The Chancellor's model is, then, economically rational but rhetorically empty to people who have no inclination to grasp it nor the means to respond to it if they do. The surprise is that it is the Labour Party that fails sensitively to recognise how its current economic messaging can be so out of tune with what people are feeling in such challenging times. There are, then, genuinely scary prospects in front of us as we face the roiling turbulence of the Trump world from a UK national position.

Should these negative prospects play out in whole or part it would not be unreasonable to suggest that *stagflation* is a more likely outcome for the UK than economic growth⁹⁸. Even if the Trump-inspired crisis should settle down, the UK is still at risk of being dogged by low economic growth prospects. Any Chancellor of any party would have an increasingly impossible circle to square. The UK is, of course, by no means alone in facing this situation⁹⁹, but the government has locked itself into a position where, absent economic growth, more and more *domestic political challenges* will arise for the Labour administration and the nation as a whole.

While there is an inevitable tendency to see what we have just been talking about as something perpetrated by Trump and his allies, there is perhaps a deeper story to be told. This might see the rise of the new President and other aspiring authoritarians like him as symptomatic of things happening at a *deeper level*. We are where we are perhaps as much through negative causal forces arising in from big shifts in the nature of the neoliberal regime and under a technological revolution that changes the basis on which economy and society stand. We looked in our last paper through Varoufakis's ideas of Cloud Capital, Technofeudalism and the hegemonic rise of the Tech Giants.

We can try to pick out some of the things that rank as the most 'wicked issues' of the present moment and offer some thoughts as to what can be done even in a context where most nation states find themselves on the back foot as their fortunes are increasingly determined by the power plays of the strongest global blocs and a handful of hegemonic techno-giants.

Rising Inequality and Social Uncertainty in the Digital Age

Inequality as the feature of the age

Neoliberalism and the politics that comes with it has produced difficult economic and social conditions for an increasing number of people across the globe - particularly in the post-Crash, post-pandemic¹⁰⁰ period. The systems dedicated to buffering the most socially damaging effects of an international liberal marketplace have been unable to keep up with rising demand for some kind of social protection. Taking the UK as our prime focus of interest we see that particularly since 2008, the news

⁹⁸ The UK's reliance on gas-fired power makes it especially vulnerable. <https://www.energy-uk.org.uk/fuelling-the-future/the-role-of-gas-in-generating-electricity/>

⁹⁹ Germany and France and to a lesser extent the Benelux group of countries are facing similar current pressures and serious future challenges. <https://www.politico.eu/article/germany-france-weakness-salvation-markets-eurozone-debt-pm-bayrou/>

¹⁰⁰ We have some trepidation about using the term 'post-pandemic' given rising levels of vaccine skepticism <https://www.pbs.org/newshour/health/how-vaccines-changed-the-world-and-the-public-health-challenges-that-persist> and <https://carnegiewomenshealth.com/blog/vaccines-why-all-the-skeptics-with-emily-oster/>

on the UK ‘regular’ economy been consistently downbeat with almost no growth, flat wages and increasing state indebtedness.

Within this, however, some sectors have experienced a degree of success – digital and technology, green energy and sustainability, construction and infrastructure, health and life sciences and advanced manufacturing, for example¹⁰¹. However, this limited spectrum was never enough to boost national GDP sufficiently to balance the national accounts and avoid a decade rising poverty and inequality. Productivity has been generally in decline and never high enough to allow a breakthrough into conditions of budget surplus. Quite how to improve it to drive growth remains a challenge.

Over the period a very small segment of the world’s population has been able to garner *simply enormous wealth*. According to the UBS Global Wealth Report 2025, the richest 5% of adults globally now hold approximately 76% of the world’s total household wealth and the top one percent own 45 percent¹⁰². Thomas Picketty in his masterful *Capital and Ideology 2020* covers the full range of the debate surrounding this¹⁰³. This is a period of inordinate wealth concentration. In 2025, 3028 billionaires worldwide, a record high, hold a staggering \$16.1 trillion in combined wealth. That is more than the GDP of every country except the United States and China¹⁰⁴.

In sharp contrast with the garnering of extreme wealth by the few, most liberal democratic states have, as we have seen, found themselves becoming increasingly indebted and struggling to be able to fund their basic public obligations. We wrote in previous papers about Karl Polanyi’s 1940 warning that that allowing serious social inequalities to grow might lead to dangerous crises of public acceptance and open the door once again to populist movements led by those ‘great simplifiers’ whose stock tends to rise in parallel with national anxiety¹⁰⁵. Current trends with the rise of the extreme right and of the ‘charismatic authoritarian leader’ at a time of national uncertainty are eerily familiar looking back to the depression years of the 1930s that drew Polanyi to write his famous book *The Great Transformation*.

Digital technology changes the base conditions

While the rise of inequality has been one critical story, the last two decades have seen a second one. The digital revolution has brought with it a *revolutionary transformation in the nature of human social interaction and the characteristics of time and space*. Fast emerging digital and communication technologies’ have come to re-frame social, economic and political life across the globe. Controlling this rapidly evolving system and its elements has become a massive challenge. Even the long-standing acceptance that democracy will always be the ‘least worst’ solution to get us through an epoch of turbulence has been coming under pressure and anti-democratic sentiment is rising.

With these two big stories running on in parallel, electorates are presented with issues of unfairness on the one hand and hard to understand complexity on the other. Faith in the ability of governments to cope with a list of problems like the ones set out above has fallen to an all-time low¹⁰⁶. Boiled down to a ‘cost of living’¹⁰⁷ crisis (seen as the biggest problem by 66 percent the population) around 58

¹⁰¹ <https://www.ons.gov.uk/economy/grossdomesticproductgdp>

¹⁰² <https://www.ubs.com/global/en/wealthmanagement/insights/global-wealth-report.html>

¹⁰³ <https://www.hup.harvard.edu/books/9780674980822>

¹⁰⁴ <https://www.addisinsight.net/2025/04/04/the-2025-billionaires-breakdown-tech-titans-finance-moguls-and-the-sectors-shaping-global-wealth/>

¹⁰⁵ Peter Lloyd and Michael Blakemore (2025) *Troubled Times: Polycrisis Meets Global Uncertainty*, <https://www.peter-lloyd.co.uk/papers-and-blogs/>

¹⁰⁶ <https://natcen.ac.uk/news/trust-and-confidence-britains-system-government-record-low>

¹⁰⁷ <https://www.jrf.org.uk/cost-of-living>

percent of respondents believed that they would “*not trust politicians to tell the truth when under pressure*” and 79 percent saw that significant improvement would be needed.

Such is the complexity and changeability of the external environment that any national government now has to face that it is much easier for political parties to go for single issues (such as fiscal rectitude, immigration, law and order and national pride) to capture the attention of voters. The simplest and most emotive of these can readily capture attention. Parties in power can then find themselves in a position where the electoral slogans that put them there are of little help in coping with the real complexities that still have to be confronted. Post-electoral disappointment is built in as normal.

Effective government involves finding ways to deal with a fast-evolving complex system. Facing this, Ashby's (1956) 'Law of Requisite Variety'¹⁰⁸ says that: “*if a system is to be able to deal successfully with the diversity of challenges that its environment produces, then it needs to have a repertoire of responses which is (at least) as nuanced as the problems thrown up by the environment.*”¹⁰⁹ This is the real challenge. It is one counterposed to the simple straplines that tend to get parties elected. The simple approach can be easily explained but the effective one is to instal the 'requisite variety' needed to maintain an effective operational understanding and control of a complex world.

There are no simple answers and being flexible and adaptable to events and circumstances is the best that can be hoped for. This is a situation that has been hugely intensified by the profound effects of the digital revolution. Variety and connectivity have multiplied in ways that were previously unimaginable and with it the complexity of the system that governments apply to deal with at home and abroad as ‘chokepoints’ have appeared in the system in key contexts¹¹⁰.

Seen through this lens, the challenge for the UK in trying to meet its economic growth objectives becomes less of a requirement for better compliance with the requirements of liberal economics and more a need for *geopolitical economic astuteness*. In a global battle between the two major players and with the global development of power blocs striving to get a foot in the game. The BRICS and Non-Aligned economies generally are already moving to protect their positions.

Finding a way through all this for the UK

Flexibility and resilience to play the global game

The outcome from all that has been written above is that the UK is in a very difficult and vulnerable position. It is not alone in this but even against its peers it looks to be among the least well positioned to cope. In some respects it has advantages – not least it has its own currency and a well established role in the global financial marketplace. Its primary *disadvantage* since Brexit has been a choice to stay as a solo player outside the EU at a time when bloc politics has been coming into the ascendancy. As a result, faced with an emerging environment of big power global players coming to dominate and manipulate the global marketplace¹¹¹, the UK has left itself with limited space for manoeuvre.

While the UK can see its competitive positioning in power bloc geoeconomics as one where accrued skills and recognised political astuteness from an imperial and top table past make it a player with

¹⁰⁸ <https://gordonbrander.com/pattern/requisite-variety/>

¹⁰⁹ <https://johndabell.com/2018/11/25/the-law-of-requisite-variety/>

¹¹⁰ As a chokepoint example is if the Iran ceasefire should fail to survive and the Straits of Hormuz comes back into play. The concern is that Brent crude could rise as high as \$100 per barrel¹¹⁰ - pushing up petrol and energy bills across the board. A full-blown energy shock could shave as much as 0.5 to 0.7% from UK GDP.

¹¹¹ The BRICS and non-aligned economies generally are already moving to protect their positions. A current meeting in the Gulf States is dedicated to finding ways to collaborate following the Israeli attack on Qatar.

some well-recognised value, this is not likely to be sufficient. The UK needs quickly to *come together with other partners* to influence the ‘big game’ of bloc dominance and weaponised interdependence.

The obvious option is to open the gates more widely to a reframing of relations with the EU. Ongoing moves in this direction are being driven by defence requirements in relation to Trump’s position on NATO. A conversation based on shared values and security interests to stabilise trade flows and mitigate global shocks is also under way¹¹². Time is, however, of the essence.

With or without this, however, substantial economic growth for the UK looks unlikely on any meaningful horizon. The August 2025 figures for GDP show growth almost flatlining¹¹³, and significant marketplace shifts are already taking place on a very short timescale¹¹⁴. For example the recent decision of Merck to abandon its long term investment in the UK and for other pharma companies to cut back¹¹⁵. Calls for the government to be clearer in setting out its long term vision probably will have to acknowledge how volatile things are and to have more emphasis on *values and stance* than on some future operational strategy.

In 2024 the government set out its ‘Plan for Change’ and a ‘Mission Led’ approach to driving up future economic growth¹¹⁶. In brief, the plan was *based on growing the economy, an NHS fit for the future, safer streets, opportunity for all, and making Britain a clean energy superpower*. It was a *long term strategic plan* with the right aspirations. They were designed for a world not yet confronted, however, with the scale of global disruption from Trump. Everything that has happened in the last year may not change the aspirations of the Plan and its Missions but *achievability* looks highly contingent against such a fast shifting external environment.

Alongside this, *flexibility and building resilience generally* are going to be needed by all the parties involved. The ability to deploy a fast and astute reaction to external events will be key and national economic growth strategy will in practice need to be context specific in relation to the contemporary game. As part of this there will need to be some immediate contingency planning to stave off a growing sense of anxiety if a lurch toward the siren voices of the extreme right is to be avoided.

Better communicating policy and reframing governance for the present moment

Maintaining an agile stance in the world of global trade politics and continuing to drive nationally for fiscal probity and enhanced economic growth is, of course, an absolute necessity. It is, however, becoming increasingly obvious that there is a second overarching priority. The domestic population needs to hear something for the ‘here and now’ beyond second guessing Trump, driving for efficiency savings and belt tightening.

If the premise of this paper is accepted and economic growth is, at the very least, going to be much harder to achieve in the current global context (meaning money is going to be chronically short) there are still vital things that can be done at home to make for a better domestic attempt to cope. Levels of poverty and inequality remain unacceptably high and are moving to higher levels, the public

¹¹² <https://www.thebritishacademy.ac.uk/news/economic-strategy-programme/>

¹¹³ <https://www.theguardian.com/business/2025/sep/12/stagnant-gdp-shows-scale-of-challenge-for-rachel-reeves-at-autumn-budget>

¹¹⁴ Some disruptive shifts being also imposed from outside the economic system, such as the September 2025 devastating hack of Jaguar Land Rover <https://www.ft.com/content/17722051-33f4-4def-9812-e3623d0671a8>

¹¹⁵ <https://www.theguardian.com/business/2025/sep/11/big-pharma-will-halt-investments-in-uk-warns-eminent-scientist-sir-john-bell>

¹¹⁶ <https://www.gov.uk/missions>

infrastructure is in a dire state and public services from education to health to welfare support are struggling. Any party in power would have extreme difficulty under these circumstances.

People are all too aware of this but there is a frustration that more could and should be done even under such unpromising conditions. From our own perspective that two critical things would make a real difference: i) a radical move to rebuild the structures of the state to take it closer to the people and make it better able to operate in a fast-changing world of ever increasing complexity; and ii) a determined effort to engage locally with people to *build resilience* against the tsunami of challenges that is undermining faith in the democratic process. Both of these are, course, closely connected.

The government is currently highly unpopular and part of this comes from being seen to be “governing from 40,000 ft”¹¹⁷. That is too distant from what is going on in the local grounded context of people’s lives. Making a more active move to break the centralised and hierarchical mould and getting the right system of governance in place would be a way to persuade the electorate that government is listening¹¹⁸. More than this, today’s issues and uncertainties demand a flexible and creative system of governance to respond effectively in key policy areas. This would be a significant task to take on board but the present position looks like a ‘cat in headlights’ in dealing with a multi-faceted polycrisis,

At the very least what is needed requires a ‘systems’ mindset that breaks out of top-down, silo thinking and can mobilise creativity at every level to build the ‘requisite variety’ needed in revolutionary times. The nation has enormous capacity in place to deal with the challenges, but this needs to be *more effectively mobilised*. A government that to the public view appears dominantly fixated with fiscal responsibility and where the key moments revolve around the budget and the Autumn Statement is out of tune with the times we live in¹¹⁹.

Government does have the elements of a comprehensive 10 year strategy to respond to global economic change in place with its *Modern Industrial Strategy and Sector Plans*¹²⁰. But the structure of governance is dominantly top-down and departmental (“sector” is the giveaway). Interestingly it is in the *Home Office Research, Development and Innovation Strategy*¹²¹ (RDI) that the language of systems and partnership comes through most strongly. But a “10 year plan” serves to feed the argument that there is time to get things right, whereas the advent of Trump means that things are probably going to change on a much shorter timeframe. There is much faster movement in what the UK can expect to do in Lifesciences in recent news from Sanofi, Merck, AstraZeneca¹²².

In the present context, there is an argument that central government is responsible for too much. Part of the debate both in the UK and in the US is that government has come to absorb too much resource. The ‘bureaucracy’ can cost too much. It is on this basis that Vice-President Vance in the US and Farage in the UK roll out the media line that they will “take a chainsaw” to it. Redesign on this agenda looks very familiar – *cost cutting*. From the popular perspective there is little argument that things do seem to take too long, whether at the point of contact with individuals, assisting business or learning from the mistakes of the past (Hillsborough, Grenfell. Post Office), despite the size of the system .

¹¹⁷ Attributed to Andy Haldane -

<https://www.ncl.ac.uk/mediav8/congregations/files/Haldane%20Andy%20CITATION%202024%2007%2012.pdf>

¹¹⁸ [subnational-government-in-england-international-comparison.pdf](https://www.theguardian.com/politics/2025/sep/17/labour-growth-far-right-economy-andy-haldane)

¹¹⁹ <https://www.theguardian.com/politics/2025/sep/17/labour-growth-far-right-economy-andy-haldane>

¹²⁰ <https://www.gov.uk/government/collections/the-uks-modern-industrial-strategy-2025>

¹²¹ <https://www.gov.uk/government/publications/home-office-research-development-and-innovation-strategy>

¹²² <https://www.nature.com/articles/d41586-025-03001-y>

On top of this, - taking too long to put essential infrastructure in place (HS2, Heathrow) and being slow to make critical economic decisions generally can feed the proposition that ‘big government’ is inadequate to respond in today’s ‘transactional’ global environment. Cutting the size of the state as a costly bureaucracy is a popular meme (chainsaws) for the right - but it is *far too simplistic*. The state has a much more critical role in supporting the functioning and wellbeing of the nation than it is given credit for¹²³. The argument here is that the issue is more about shape than it size and cost. Other designs are possible.

The EU concept of ‘*subsidiarity*’ has a particular value in the ‘shape’ debate. While its main purpose in this case is to arbitrate the allocation of responsibilities between the EU and its Member States, it does have a regional and local dimension that ensures that governance is as far as possible *decentralized and responsive to local needs*. In essence this requires that actions be carried out at the lowest level of administrative governance consistent with scale and efficiency.

While the multi-state context is of course different, the sense of the idea is eminently transferable. Applying it in the UK would be an opportunity to take the points of decision both closer to the reality of the grounded context and to engage better with the people – a double benefit. (Administrative Devolution - on which moves are currently being made – is different in that policies are ‘devolved’ for implementation and democratic input but control remains at the centre).

Operating against a complex, fast-changing system, resources and control need to be more flexibly deployed along with a responsibility to deliver pre-agreed outcomes for national benefit. This is not a new idea. In the 1870s Joseph Chamberlain’s Birmingham was empowered to borrow and operate as a corporate investor in building the city’s essential infrastructure. The UK’s major cities and mayors are some way along this pathway but still within the current system of dominant central control.

A key question is not so much about the spreading the existing devolution model but addressing the deeper issue that requires a creative willingness by government to “move power and resources outside of London... so that less stands on Whitehall’s shoulders”¹²⁴. To do this in the complex realm of constitutional arrangements and electoral politics will not be quick enough for the current context. What is needed is a more flexible allocation of powers down the governance hierarchy.

Taking the power to act closer to the grounded reality of place and culture has additional benefits. It adds, for example, the ability to mobilise the ‘requisite variety’ to cope with different circumstances. and also has a capacity to release innovation¹²⁵. These ‘spaces and places’ may be conceived of as bounded territories – geographies, but not always. They can come as *unbounded networks* with connected elements working in partnership across different spaces. They can be based around a key sector of the economy or be dedicated to a broader aim like sustainability, climate change or building resilience.

The most important thing about them is that they should be allowed a *wide range of autonomy* and an ability to capture investment finance on their own terms. Promoting the same basic idea as a means to redress the nation’s serious imbalances in opportunity by *encouraging cities, regions and local places to replicate the mission model for themselves with a high degree of independence* would help to tackle subnational disparities, as well as national-level weaknesses¹²⁶.

¹²³ <https://doi.org/10.1093/ooec/odad073>

¹²⁴ <https://www.labourtogether.uk/all-reports/nation-rebalanced>

¹²⁵ <https://www.theguardian.com/politics/2025/sep/17/labour-growth-far-right-economy-andy-haldane>

¹²⁶ <https://www.productivity.ac.uk/wp-content/uploads/2025/08/PIP059-Clarifying-the-devolution-dividend-August-2025.pdf>

Having a more broadly pitched, system oriented and collaborative approach but taking it out to the regional, sub-regional or local level and encouraging public and private partners to take shared responsibility for locally relevant outcomes is a way to mobilise both quicker and more inclusive outcomes. A model to explore might be the European Union Knowledge and Innovation Communities KIC's of the European Institute for Innovation and Technology¹²⁷ - see Box 2.

Box 2. KICs – Knowledge and Innovation Clusters

KICs are multi-faceted networks based around a central core that bring together public, private sector and third sector players. They are based around key missions - economic sector drivers – such as climate, energy, digital, health, and raw materials. Critically they are not just funded through the one source but are required to 'crowd in' funding to service their programme. Spatially, the KICs involve geographical co-location through a network of local innovation and excellence centres called Co-Location Centres (CLCs). There are currently 23 in place. The idea of EIT/CLCs is to bring diverse teams together in one physical place and to combine them with *education, enterprise development, infrastructure and innovation projects* for different areas of specialisation.

They are collaboratively linked with other KIC partners with regional and sectoral interests. The coordinating body for all this is the European Institute of Innovation and Technology (EIT) which aims to enhance Europe's ability to innovate by nurturing entrepreneurial talent and supporting new ideas. The mission is to contribute to European competitiveness, sustainable economic growth and job creation by promoting and strengthening synergies and cooperation among businesses, education institutions and research organisations. It also aims to create favourable environments for creative thought to enable world-class innovation and entrepreneurship to thrive in Europe¹²⁸.

Just describing the KICs concept shows how radically different the thinking is that sits behind them. It is all about network, collaboration, flexibility, attachment to the grounded context, inclusivity and financial open thinking. This is a far reach from the centralised, hierarchical and top down system that operates in the UK – a system out of sync with the needs of the time we are living in.

Building resilience

Prospects for enhanced economic growth in the UK remain fragile¹²⁹. Telling the population that they will have to wait for the big indicators of the economy to turn positive is not a message that will help to alleviate the anxiety of those feeling the pinch of food price inflation, job insecurity, and housing supply and costs. There is little to be gained for government in not telling the electorate the whole truth - since they know it already. Allowing the political debate to be captured by those who promote fears about immigration and a loss of national identity without having also to acknowledge the wider reality about the global economic situation *and have plans to deal with it* is dangerous. For the most deprived communities, the siren call of the extreme right may well continue to gain traction.

Beyond being more open about the state we are in, government badly needs to engage more directly with the people who have to work out their lives in conditions of relative and even absolute poverty. This is more to this than a debate about the 'two-child cap' or tightening welfare benefits limits. Not

¹²⁷ <https://www.politico.eu/sponsored-content/eit-knowledge-and-innovation-communities-uncovering-the-major-impacts-of-a-15-year-experiment/>

¹²⁸ https://www.ukro.ac.uk/wp-content/uploads/2023/01/factsheet_heu_eit_2024.pdf

¹²⁹ <https://niesr.ac.uk/publications/uk-economic-outlook-chancellors-trilemma?type=uk-economic-outlook>

least, they need to start *building for a degree of resilience against hard times*. Better communication would be an essential first step.

Making regular reference to the conditions of ‘working people’ as the primary object for policy is both too vague (and perhaps too old-fashionably ‘classist’) to give people generally a sense that the reality of lived experience for a wide segment of the population – working and not working, young and old in Rochdale and in Tower Hamlets – is fully grasped by government. The range of the difficulties being faced is clearly identifiable – from A&E queues to high levels of children living in poverty to housing stress and endless other stories. Things are *very different from place to place* and generic policies from the centre often land very differently at ground level.

A highly centralised and siloed governance system dominated by Treasury logic about fiscal probity and cost efficiency has little chance of operating with the grounded knowledge and flexibility needed to cope with a polycrisis that has many different shades and shapes across the national geography. Overwhelmed local authorities are the ‘placeholders’ but for them at a time of austerity, balancing the choices between legitimate contending claims is difficult and often demoralising.

So far, so negative and depressing. Beyond local government, however, the nation does have another *complementary major asset at its disposal* that is close to the ‘ground truth’ of the local. This has the ability to mobilise in ways that can help and that can deploy ‘moral labour’ and charitable giving where resource is short and when a crisis hits¹³⁰. This was never more true than in the Covid pandemic. The VCSFE (Voluntary, Community, Faith and Social Enterprise) group of organisations came in to fill the breach when central management from Downing St found itself unable to cope with the speed and complexity of what was taking place on the ground¹³¹.

A complementary system is in place alongside the local authorities that comprises a widely varying collection of providers. These are for the most part close to the ground and sensitive to differential local contexts¹³². Their distinguishing feature tends to be their *sheer variety* and that they prioritise *social values over profit making*. Though never highly valued under market forces neoliberalism, this ecosystem of not-for-profit organisations has a history of being called more into play at times of crisis. In some areas this is being achieved by the government. For example, to address digital exclusion there are Digital Inclusion Hubs¹³³ involving 7,300 organisations in the National Digital Inclusion Network¹³⁴. This approach liberates human capital of the sort ignored by the GDP measure¹³⁵.

The elements of this *social and community asset* are cooperatives, mutuals, social enterprises, voluntary (VCSFE) organisations, charities, projects other ‘for purpose’ bodies. They come in a wide variety of legal forms, different business models and governance structures. They range across a wide spectrum of missions covering member owned cooperatives through charities to hybrid social enterprises, credit unions, impact investors and state funded time bound projects. The *sheer pluralism*

¹³⁰ “Moral labour” refers to the emotional, ethical, and value-driven effort involved in doing work that is perceived as socially or morally good—especially in fields like aid work, social care, education, and public service. <https://sites.manchester.ac.uk/anthropology-of-aid/the-issues/professions-of-doing-good/the-moral-labour-of-aid-work/>

¹³¹ <https://doi.org/10.1186/s12889-025-22104-9>

¹³² The *third sector* label envisages the system in orthodox silo terms and loses the value of a sense of its complexity and dynamism.

¹³³ <https://www.goodthingsfoundation.org/find-support/map>

¹³⁴ <https://www.goodthingsfoundation.org/our-services/national-digital-inclusion-network>

¹³⁵ <https://blog.actuaries.org.uk/problems-with-targeting-gdp-growth/>

and variety of the set makes it difficult to define under a single label, but its policy value arises precisely from being sensitively embedded across different localities and social and economic contexts.

A generic label for the whole is the *Third Sector* but in many ways this is too limiting (though functional for bracketing it into a recognisable administrative category). Another (more European) view would see it as a *Social and Solidarity Economy* (SSE)¹³⁶, emphasising its flexibility and distinctive value base. Community Wealth Building (CWB) partnerships are in vogue in the UK and gaining traction¹³⁷. These seek to broaden local ownership over capital, help achieve key environmental goals, expand the provision of public services and ensure economic stability. They have achieved legal standing in Scotland and have been recognised by the UK government by the creation of a dedicated CWB unit. More generally, CWBs set out to offer a “transformative approach” to local economic development – one that prioritises democratic ownership, local control of assets, and inclusive prosperity.

Their important feature going forward into uncertain economic times is that they aim to *retain value locally*. That is as opposed to regeneration that depends on attracting external investment and hoping for trickle-down benefits. The contemporary importance of CWBs is clear in the context of what we have been setting out throughout the paper and it does have the support of government in principle. CWBs offer a pillar to *create resilience* and can spin out their own *locally generated innovations*. Welcome though the initiative is, it is to be recognised as just one specific instrument across the wide scope of possibility within the SSE.

The government can argue that its core policy agenda aligns with the principles expressed in the social and solidarity economy, especially around inclusive growth, democratic ownership, and community-led development. It recognises the importance of community power, anchor Institutions and procurement reform¹³⁸ and has supported cooperatives and mutuals and worker rights. What is missing is **headline support for the idea of the social and solidarity economy per se** as an important element of the nation’s economic and social superstructure. This could change the balance of the discourse.

The proposition is that government has a ready-made route and capacity in place to open the door to a different kind of strategy for moving forward against an uncertain economic future. That is one that would bring it down from the ‘40,000 ft’ world of economic theory and high finance to engage with and learn from the lived experience of the citizenry on the ground. Balancing regular (and probably necessary) Treasury warnings about the PSBR and the threat of a Truss-style movement by the bond vigilantes, with a strong voice that recognises the importance of the social and solidarity economy and the wider raft of civil society bodies of all kinds on the ground, would rebalance the current one-way street of ‘Treasury view’ communication.

Grassroots not-for-profit bodies have always been called up as a response to capitalist crises, offering alternatives that integrate the economic, cultural, and political dimensions of society and offer people in difficulty a lifeline. A Labour administration should, it would be imagined, find no difficulty in acknowledging the value of a *holistic, people-centred and inclusive paradigm* as a counterbalance to what has necessarily to be done in a hard world where the financial markets have such a powerful role. For the avoidance of doubt, this is not so much a cry for greater funding for the SSE (though in the state of things it would be more than welcome). It is a plea to bring into play another more positive,

¹³⁶ <https://www.ilo.org/resource/news/definition-social-and-solidarity-economy-adopted-international-labour>

¹³⁷ <https://cles.org.uk/community-wealth-building/what-is-community%20wealth%20building/>
<https://www.gov.uk/government/collections/procurement-act-2023-guidance-documents>

inclusive and morally well-founded discourse to play against the one-dimensional anti-migrant, flag waving rhetoric of Reform.

Bringing solidarity, sustainability, and equity into the heart of current policy discourse, even if it has to be acknowledged that there are issues about how to fund such an expanded view, can make it clear that there is a more unifying national discourse in opposition to that coming from the extreme right.

Conclusion

We live in challenging and dangerous times. The turbulence in global politics and economics following Donald Trump's return to the U.S. presidency in 2025 has amplified already difficult economic conditions. International and domestic trading systems have been destabilised. We have witnessed the rise of a global system of 'weaponised interdependence' where powerful states look to exploit financial systems, technology platforms and supply chains as instruments of coercion. In parallel, the dominance of the global tech 'hyperscalers' and their super-rich owners continues to further entrench asymmetries of wealth and power¹³⁹. The post-war rule-based international order is being left behind for a much more uncertain future.

Ongoing structural transformations in the neoliberal system have created growing inequality, geopolitical volatility, and systemic fragility. Trumpism can be framed as both an accelerator and a symptom of this deeper process. The post-war liberal consensus underpinned – at least notionally – by growth, stability, and social solidarity is giving way to a fractured global order defined by coercive practices, and social and political dislocation. Concerns for planetary sustainability have been set back.

It is against a context like this that the UK has to try to secure its current position and see a way forward. Starting from where it is presently, this will be an enormous challenge. The paper situates the UK as a nation where austerity, flat wages, low productivity and decades of underinvestment have left it ill-prepared to cope with external shocks. There are no easy options to come from higher taxation. Economic growth as the central core of the Labour government strategy for change will be hard to achieve.

All this is having ongoing political consequences. Populist movements have found rising opportunities to exploit out of the dissatisfaction of the poor and the multiply deprived – and amongst younger generations facing insecure job prospects, unaffordable housing, and declining prospects for social mobility. The recent sharp rise of nationalist rhetoric and far-right populism¹⁴⁰ is set against a growing disconnect between the government's economic policy narratives and the lived experience of people.

To address this and its political consequences there is a need to *do something at scale* that signals a recognition of the problems people are facing and sees steps being taken to respond. Rolling out yet another spatially framed central government initiative like '*Pride in Place*' to "*seize control of local high streets*" is likely to be seen as no more than a sound-bite palliative in the greater order of things¹⁴¹. Even in hard financial times, much could be achieved from a redesign of the structure of governance to achieve a better balance between the centre and the regional/local level. In part this is going on – but much too slowly.

¹³⁹ <https://www.ft.com/content/85ee3be0-c9a6-4a1d-baf9-8b2ca9e46a85>

¹⁴⁰ <https://www.ft.com/content/95984feb-e44b-401a-80b2-0206cfc5c3bf>

¹⁴¹ <https://www.gov.uk/government/news/communities-to-seize-control-over-high-streets-and-restore-pride> and <https://www.bbc.co.uk/news/articles/c1mx8vr2gr1o>

The Prime Minister's recent stories about the efforts of 'ordinary' people to help others are fine¹⁴² but where is the recognition of those thousands of organisations and groups on the ground (only part of which is what we have called the SSE) that work creatively in the spaces and with the groups that are struggling most? Perhaps they are not recognised because we cannot give them an easy descriptive label.¹⁴³ But in the struggle for resilience in hard times – as Covid showed – they perform an invaluable service. Their flexibility in form and function as well as their close local engagement is what makes them a valuable asset. Working alongside the local authorities, the ICBs in health and social care and the other distributed arms of central government, they form a key part of the 'ground truth' for local policy in action.

Government could do more positively to recognise and promote the value of this locally grounded 'capacity in place' in whatever form it takes. By redesigning the system of governance the centre could find more innovative ways beyond its 'bid and challenge' grants and service contracts to allow for greater freedom and agency. This would be an essential step for taking the points of decision closer to the reality of the local context and in building the 'requisite variety' needed to cope with complexity and rapid change. In these times of severe financial constraint, this is less a call for funding but a recommendation that this local 'capacity in place' be *recognised and granted greater freedom and agency* to build resilience and generate innovative solutions under conditions of crisis.

This is one way how - in the Prime Minister's own words - *"we show people the respect they deserve...If we give people more agency over the state...See them as our partners...Then together, we can take control of our future...We can live in a Britain built for all"*. (Keir Starmer, Labour Conference Speech, September 2025).

¹⁴² <https://labourlist.org/2025/09/labour-conference-2025-keir-starmer-speech-in-full/>

¹⁴³ Many EU States have SSE as a core activity – notably Italy, Spain, Portugal and France and the EU have a specific mandate for Member States to present an SSE national strategy to contribute to a Social Economy Action Plan (SEAP). https://social-economy-gateway.ec.europa.eu/index_en