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economics as if people
and the planet mattered

People, planet, power

Towards a new social settlement

New Economics Foundation (NEF) is an independent think-and-do tank that inspires and demonstrates real economic wellbeing.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

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Summary

These are NEF's proposals for a new social settlement – a framework for deciding how we live together, what we expect from our governments and what we want to achieve for ourselves and others. It builds on the strengths of the post-war settlement inspired by the Beveridge Plan, but moves on – because the world has changed profoundly – to offer a bold new approach to the challenges we face today.

The new social settlement has three goals: social justice, environmental sustainability, and a more equal distribution of power. All three are intertwined and must be pursued together. They tackle severe contemporary problems: widening social inequalities, accelerating threats to the natural environment, and accumulations of power by wealthy elites.

These goals lead to a set of objectives, which highlight crucial issues too often ignored in mainstream debate. Like the goals, they too are linked together and can be mutually reinforcing:

- Plan for prosperity without depending on economic growth.
- Shift investment and action upstream to prevent harm instead of just coping with the consequences.
- Value and strengthen the core economy of unpaid work, everyday wisdom and social connections on which all our lives depend.
- Foster solidarity, understanding just how much we depend on each other to achieve our goals.

Our proposed settlement is part of NEF's work to build a new economics that serves the interests of people and the planet, not the other way around. We challenge the dominant view that the key to progress is to deregulate markets, promote choice and competition, and boost consumption. We offer a different set of ideas that promotes wellbeing for all within the limits of the natural environment, as well as more inclusive and collaborative ways of making decisions and working together. We aim to meet today's needs without compromising the ability of future generations to meet their own needs.

To help realise our goals and objectives, we set out some proposals for practical change. They don't represent a comprehensive plan, but suggest a new direction of travel and a different set of priorities – our contribution to wider debates about what kind of society we want for the future.

- *Rebalance work and time*:
  - a new industrial and labour market strategy to achieve high-quality and sustainable jobs for all, with a stronger role for employees in decision-making;
  - a gradual move towards shorter and more flexible hours of paid work for all, aiming for 30 hours as the new standard working week;
  - an offensive against low pay to achieve decent hourly rates for all;
  - high-quality, affordable childcare for all who need it.
- *Release human resources*:
  - support and encourage the unvalued and unpaid assets and activities that are found in everyday life beyond the formal economy;
  - adopt as standard the principles of co-production so that service users and providers work together to meet needs;
  - change the way public services are commissioned to focus on outcomes and co-production.
- *Strengthen social security:*
  - turn the tide against markets and profit-seeking, developing instead more diverse, open, and collaborative public services;
  - build a more rounded, inclusive and democratic benefits system.
- *Plan for a sustainable future:*
  - promote eco-social policies, such as active travel and retro-fitting homes, that help to achieve both social justice and environmental sustainability;
  - offset the socially regressive effects of carbon pricing and other pro-environmental policies;
  - ensure that public institutions lead by example;
  - establish ways of future-proofing policies.

1. Introduction

In this report we offer proposals for moving towards a new social settlement that is able to meet the challenges of the twenty-first century. It is NEF's contribution to current debates about how we live together and shape the future, our relationship with each other and with government, the role of the welfare state, and the quality of everyday life.

This settlement has three main goals: social justice, environmental sustainability, and a more equal distribution of power. There is a dynamic relationship between these goals; each depends on the others for fulfilment. Addressing them together means aiming for *sustainable social justice*, which requires a fair and equitable distribution of social, environmental, economic, and political resources between people, places, and – where possible – between generations.

Some definitions

- *Social settlement.* By this we mean an agreement between people about how we interact with each other and with the state. The term refers to the post-WWII settlement, where different interest groups agreed on certain institutional structures to moderate relations between labour, capital, and government. It was a response to the crash of 1929 and the great depression, followed by the devastations of war. It aimed to support the market economy and achieve full employment, by introducing a welfare state and a degree of macroeconomic management by government. We propose a new settlement that builds on the enduring strengths of the post-war welfare state, while making substantial changes to take account of seven decades' worth of material and political change, and addressing a new set of social, environmental, economic, and political challenges.

- *Social justice*. Our working definition is that every individual has an equal chance to enjoy the essentials of a good life, to fulfil their potential, and to participate in society. Wellbeing, equality, and satisfaction of needs are central to our understanding of social justice.

- *Environmental sustainability*. We take this to mean living within environmental limits and respecting planetary boundaries, ensuring that the natural resources that are needed for life to flourish are unimpaired for present and future generations.

- *A more equal distribution of power.* This refers to the formal and informal means by which people participate in and influence decisions and actions at local and national levels, and to the inequalities of power between groups caused by combinations of economic, social, and cultural factors.

A systemic approach to new challenges

The goals we propose are intended to tackle a new set of challenges, distinct from those addressed by the Beveridge Plan on which the British post-war welfare state was founded. 'Want, idleness, ignorance, disease, and squalor' were the giants that Beveridge sought to vanquish. These have not been defeated; indeed, they are re-emerging with some strength. But in addition, we face severe contemporary problems, most notably widening social inequalities, accelerating threats to the natural environment, and accumulations of power by wealthy elites. These are not issues to be tackled separately. They are profoundly linked and interdependent. To build a new social settlement, we therefore need to change systems and structures over the medium and long term, rather than simply looking for technical solutions to immediate problems within policy silos.

Our concern with *sustainable social justice* rests on an understanding of *bounded* human and natural resources. These are the assets embedded in people's lives and relationships and the diverse products and features of the natural environment. In Karl Polanyi's terms, they are 'fictitious commodities'[1] and in Nancy Fraser's they are 'conditions of possibility'[2] for the functioning of capitalist markets. In adverse conditions, they are at risk of weakening and falling into decline. In conventional economics, they are treated as saleable items, valued only as inputs to production. We maintain that they must be valued and nurtured as shared goods, so that they are able to flourish in the short, medium, and longer term.

Research by Oxfam finds that the UK's impact on planetary boundaries is far beyond what its population size can justify, while inequalities in wealth distribution leave many severely deprived – leading to the conclusion that the UK's current economic model is, in many ways, both environmentally unsafe and socially unjust.[3, 4] As NEF has long maintained, we must build a new economics that serves the interests of both people and the planet, not the other way around, as is currently the case. It is unsustainable – for the economy, as well as for society and the environment – to do otherwise.

Scope of this report

This is not an attempt to write a new Beveridge Plan or a definitive blueprint for policymakers; it is a contribution to wider debates about a future social settlement for the UK. We are offering insights, ideas, and practical proposals in areas that tend to be overlooked or marginalised in mainstream discussions, and which support a change in direction of travel. Our aim is to stimulate debate, opening up questions and further challenges for research. This is a work in progress: it draws on a series of working papers

and publications produced by NEF over the last two years[4] and will help to shape what we do next.

A systemic analysis ranges across disciplines and policy areas – social, environmental, economic, and political. Here, we pay particular attention to *social policy*. It is through this lens that we consider the components of a new social settlement, its goals and distinctive features, and what these imply for policy and practice. It is beyond our scope to cover the full range of social policy issues: for example, we say little about education, housing, and pensions, not because we think these are less important, but because others are better able to address them than we are. And while we recognise the importance of a global perspective, and the interdependence of local, national, and transnational conditions, our scope is limited here to the UK. Nevertheless, we hope that our analytical framework and many of our proposals will have relevance for the development of policy and practice in other policy areas and in other countries.

Our report begins with the goals of a new social settlement: what are their component parts and how do they fit together? From there, we identify some distinctive objectives of this settlement, focusing on issues that are paid too little attention in mainstream debates: planning for prosperity *without growth*; moving investment and action upstream to *prevent harm*; nurturing human and social resources in what we call the *core economy*; and *fostering solidarity*. We consider the dominant political narrative and the role of ideology in shaping social policy. Then we set out proposals for policy and practice.

2. Goals of a new social settlement

Goal 1: Social justice

We have defined this as: *An equal chance for everyone to enjoy the essentials of a good life, to fulfil their potential, and to participate in society.* Wellbeing, equality, and satisfaction of needs are central to our understanding of social justice.

Wellbeing

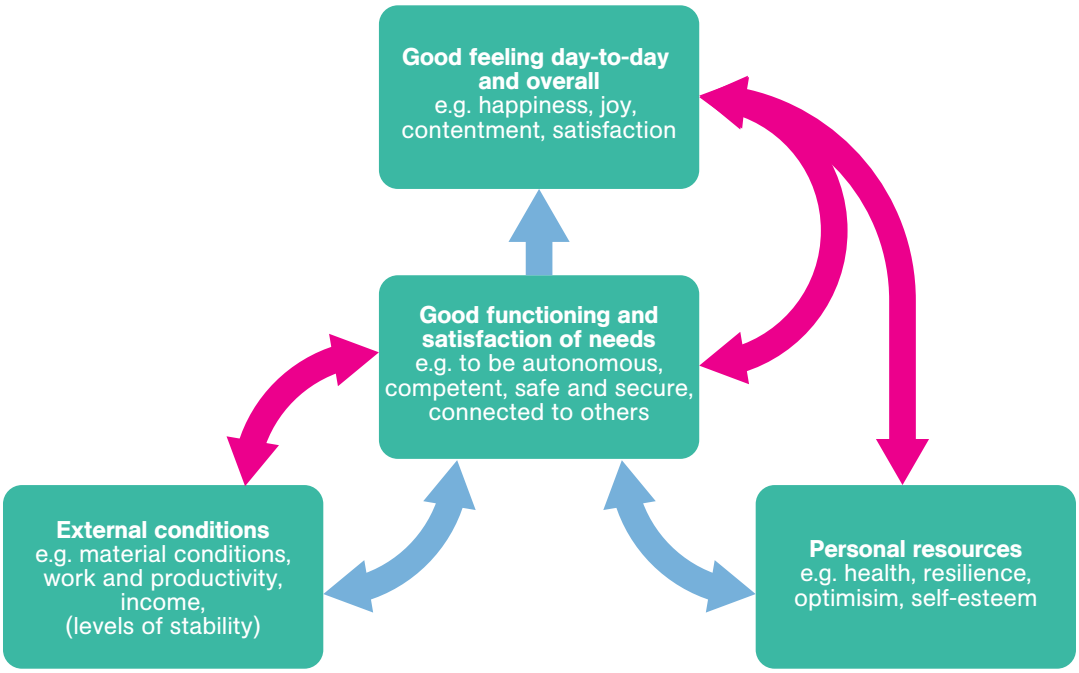
Wellbeing can be understood as the state produced when people lead a good life, i.e., when they *function* well, on both a personal and a social level. NEF, among others, takes the view that functioning well implies a sense of competence, a sense of meaning and purpose, and a sense of being connected to others. These conditions produce good feelings such as happiness (and an absence of bad feelings such as anxiety) and satisfaction with life. The various aspects of wellbeing are measured in surveys that ask people about their experiences.

Functioning well depends on the satisfaction of physical as well as psychological needs, which in turn depends on external conditions such as income, housing, education, on social relationships and connectedness, and on personal resources, such as physical health and degrees of optimism.

Understanding what is meant by needs and how they are satisfied is crucial. All individuals have certain needs that are universal. How they are satisfied can vary widely, depending on time, place, culture and circumstance.

The factors that contribute to wellbeing interact dynamically, so that they can reinforce each other. Figure 1 illustrates this interaction: an individual's external conditions, such as their material circumstances and social relationships (bottom left) act together with their personal resources, such as their health, resilience, and optimism (bottom right), to enable them to have their needs met and to function well, being autonomous, secure, and socially connected (middle) and thereby experience positive emotions and satisfaction with life (top). It illustrates how feelings of contentment and satisfaction can feed back and strengthen the satisfaction of needs and personal resources, and how functioning well can feed back to influence external conditions.

Figure 1: NEF's dynamic model of wellbeing[5]



High wellbeing or 'flourishing' involves having needs met and functioning well, having positive feelings day-to-day and overall, and thinking one's life is going well. Conversely, someone has low wellbeing if their needs are not met and they do not function well, and feel negatively about their lives. The pursuit of wellbeing is desirable on both ethical and practical grounds. Ethical because it is a good thing in itself that people feel and function well in the world: a worthwhile objective in all circumstances. Practical because high levels of wellbeing contribute to a flourishing society and economy. Providing favourable conditions for wellbeing is widely viewed as a responsibility of government – and there is growing interest in measuring wellbeing as an official indicator of social progress.[6, 7]

Equality

Wellbeing is only ethical and able to contribute in this way if it is for everyone on an equal basis. Social justice involves wellbeing *for all*, not just for some. So equality, like wellbeing, is central to our concept of social justice. There are countless definitions of equality. For our purposes, it can be understood as a society where everyone is of equal worth before the law and has an equal chance to flourish. Promoting equality in this sense is not about trying to make everyone live in the same way. It goes well beyond prohibiting unequal and unfair treatment of individuals, promoting anti-poverty strategies, or building 'resilience' among disadvantaged groups: these may help but they are not enough. Promoting equality is about creating genuinely equal life chances between those who are currently rich or poor, powerful or powerless. It involves eliminating conditions that give rise to privilege and unfair advantage. This requires a systemic approach, one that tackles the fundamental causes of inequality.

A systemic approach involves understanding the dynamics of inequality: what the causes are and how they interact and reinforce each other. Social and cultural factors such as gender, age, disability, ethnicity, and sexual orientation can influence the way people experience inequality and often intensify disadvantages. These require specific strategies, which need to be woven into the provisions of a new social settlement. For example, shorter working hours and high-quality childcare will help to minimise gender inequalities as well as promote wellbeing for all. It is beyond the scope of this report to deal in detail with what are known in the language of equal rights as 'protected categories';[8] our main focus here is on *economic inequality*, or disparities in income, wealth, and access to resources. There are two main reasons for this. First, economic inequalities underpin and exacerbate social and cultural inequalities, as well as inequalities of power. Secondly, economic inequalities are widening dramatically and creating increasingly formidable barriers to achieving social justice.

Economic inequality in the UK is at historically high levels. Concentration of wealth among the richest 1% and 10% has been rising since the 1970s[9] and now the richest 1% of the population has more wealth than the poorest 50% put together.[10] Income inequality is expected to rise again, as incomes at the top recover from the financial crash, while austerity measures withdraw protection from lower-income groups. While the average pay of leading bankers grew by 10% in 2013,[11] the number of meals given to people in food poverty rose by 54%.[12]

For many, the pursuit of greater equality is self-evidently desirable. There is well-established philosophical and practical support for the principle that everyone should have an equal chance in life.[13] In more practical terms, inequalities contribute to a range of social and economic problems. International studies have found that high levels of economic inequality inhibit social mobility, divide communities, diminish wellbeing, increase economic instability, and reduce voter turnout among the poor.[14] A recent study by NEF shows how rising inequalities have not only helped to cause, but have also been intensified by increased financialisation of the economy.[15] Among high-income countries, those with wider inequalities have poorer outcomes for physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage pregnancies, and child wellbeing.[16]

Economic inequality is self-perpetuating, as wealthy elites accumulate political influence as well as resources. This creates a policy bias, not only against environmental sustainability, but also against redistributive measures such as more progressive taxation and more generous welfare benefits. From this perspective NEF has worked with experts from across Europe to create a comprehensive set of policies for tackling major drivers of poverty and inequality at root.

Goal 2: Environmental sustainability

We have defined this as: *living within environmental limits and respecting planetary boundaries, ensuring that natural resources that are needed for life to flourish are unimpaired for present and future generations.* Here we briefly set out the case for considering environmental sustainability as an imperative and map out the links between the two goals.

The environmental imperative

The need for human activity to remain within the ecological constraints of a finite planet has been described as 'the single most important challenge facing society today'.[17] The overwhelming weight of scientific evidence shows that if the last decade's trends in greenhouse gas (GHG) emissions continue, they will lead to a rise in global average temperatures of 4–6° centigrade above pre-industrial levels by 2100. This will cause sea-level rises, greater water scarcity, reduced crop yields, ocean acidification, accelerated species extinction, and an increase in extreme weather events, all of which will have a severe impact on populations across the planet.[18]

Calculations of the ecological footprint, which measures the pressure of human production, consumption, and waste on finite natural resources, find that the global footprint has grown two and a half times in the last half century, and now exceeds the planet's capacity by 0.9 global hectares per person. Put another way, the human race needs a planet half as big again to support its current activities – or three and a half planets if everyone were to live like the average US citizen.[19] And there are signs that available biocapacity is being worn out by overuse, setting up a negative spiral of overconsumption and weakening capacity to sustain it.[20] The Stockholm Resilience Centre has identified safe limits for human activity within nine planetary boundaries. The authors report in their introductory paper that three have already been transgressed; all are interdependent and most are under threat now that the Earth has entered the Anthropocene, where humans are the dominant drivers of change: 'The exponential growth of human activities is raising concern that further pressure on the Earth System could destabilize critical biophysical systems and trigger abrupt or irreversible environmental changes that would be deleterious or even catastrophic for human wellbeing.'[21]

It therefore becomes imperative for a new social settlement to take full account of environmental sustainability. Unless we heed the scientists' predictions, there will, within a matter of decades, be no recognisable human society for which to plan social policies. So our settlement must be designed to minimise harm to the environment and safeguard natural resources, as an essential pre-condition for human wellbeing.

Links between social justice and environmental sustainability

Beyond this immediate imperative, there are important links between the goals of social justice and environmental sustainability, which can be mutually reinforcing, and which help to shape the settlement. These are explored in more detail elsewhere.[22] In summary, there are four main links: interdependence, shared roots in capitalism, a common interest in the future, and dependence on collective action.

- *Interdependence.* The two goals depend on each other for fulfilment. A healthy natural environment is good for many aspects of human wellbeing;[23] comparative evidence suggests that societies with a stronger commitment to social justice are better placed to protect the environment.[24] Climate change, resource depletion, and pollution of air, land, and water undermine wellbeing, with those who are poorest and most vulnerable suffering first and most. Socio-economic inequalities themselves can make a significant contribution to environmental damage. Not only do those on high incomes consume more than their fair share of planetary resources, but the consumption habits of the better-off drive up aspirations among lower-income groups and generate resource-intensive living standards that come to be seen as 'normal'. A growing global middle class, aspiring to emulate high-income lifestyles, is expected to push up demand for water by nearly a third by 2030, and demand for both food and energy by half as much again.[25]

- *Shared roots in capitalism.* The problems of dramatically widening inequalities and a severely degraded natural environment are rooted together in capitalist accumulation. Most profit-seeking firms function through the exploitation of social and natural resources; they take no account of them, except as inputs to production. In the logic of capitalism, especially of its neoliberal phase, there is no need to care for or sustain them, as long as they are available as inputs. Nor is there any recognition of the interdependence of society and environment. As Nancy Fraser points out, 'Capitalism brutally separated human beings from natural, seasonal rhythms, conscripting them into industrial manufacturing, powered by fossil fuels, and profit-driven agriculture, bulked up by chemical fertilizers.'[26] Economic 'success' is measured in ways that take little or no account of the changing conditions of social or natural resources. Power follows wealth, giving rise to cultural and political forces that shore up the status quo and resist changes in favour of social justice and sustainability.

- *A common interest in the future.* The twin goals of social justice and environmental sustainability share an interest in the future and in the impact of present policy and practice on the conditions of people and the planet in generations to come. The goal of environmental sustainability obviously projects into the future, but there is also compelling evidence that factors influencing social justice can accumulate over time and pass from one generation to the next. This applies to the distribution of socio-economic factors, such as income, employment, housing, education, and diet, as well as to the various psycho-social effects of disadvantage, such as loneliness and isolation, anxiety and stress, low self-esteem and lack of confidence. The World Health Organization observes that 'sustainable reduction in health inequalities requires action to prevent parents' relative and absolute disadvantage blighting the lives of their children, grandchildren, and subsequent generations.'[27, 28]

- *Dependence on collective action.* Neither goal, separately or together, can be served by market mechanisms or individual action alone. They can only be achieved by pooling resources, recognising shared interests, and acting together. Community-based groups and other civil society organisations can achieve more than individuals, as demonstrated by

the infinite variety of initiatives undertaken by local co-operatives, mutual aid organisations, and charities in the social sphere, and by collaborative ventures for sustainability, such as Transition Towns. But, as NEF has noted elsewhere, civil society has no inherent mechanisms for achieving equality.[29] Not everyone can participate and benefit as easily as everyone else, because the conditions that make it possible are not equally distributed. This calls for action through the state. Indeed, there is no other comparable vehicle that is capable of promoting equality across national populations.

In most rich countries including the UK (and in spite of recent efforts to shrink and recommodify the welfare state), public funds are still generously invested in services for all who need them, such as education, healthcare, benefits, and pensions, as well as in a range of locally based services such as refuse collection, street lighting, and policing. These forms of collective provision address needs that most individuals lack the means to cope with alone. Without them, the gap between higher- and lower-income groups would grow exponentially.

As for the environment, while some claim that sustainability is a problem to be solved through market pricing, or by building the resilience of local communities to adapt to climate change, there is a far more compelling case for a combination of regulation, market pricing, and public investment through the state.[30] There is a growing body of evidence and argument in favour of governments, nationally and globally, using powers not only to regulate, incentivise, sanction, and persuade, but also to tax, invest, and redistribute, in order to curb and reverse current trends towards environmental catastrophe.[31, 32]

Goal 3: A more equal distribution of power

We have defined this as: *distributing power more equally, through the formal and informal means by which people participate in and influence decisions and actions at local and national levels, and between groups where economic, social, and cultural factors combine to create inequalities.*

Why power matters

The concept of power is subject to wide-ranging debate and interpretation.[33, 34] For a new social settlement, the aim is for people to be able to influence and control decisions and actions that affect their everyday lives, and to ensure, as far as possible, a fair balance of power between people. This matters because the dynamics of power determine how far social, environmental, economic, and political resources are nurtured or exhausted, sequestered or shared. Wealthy elites accumulate money and power, building influence over policy through donations and lobbying, in order to defend and strengthen their position. The Russian author Alexander Solzhenitsyn, a fierce critic of the Soviet system, warned shortly after the fall of the Berlin Wall that the problems communism sought to address remained unsolved: 'the brazen use of social advantage and the inordinate power of money, which often direct the very course of events'.[35] This kind of political capture by the rich is now widely recognised.[36] A recent example can be found in the UK government's efforts to block the EU from limiting bankers' bonuses;[37] another in preparatory negotiations for the Transatlantic Trade and Investment Partnership (TTIP),

where 520 out of 560 meetings with the EU Trade Department were with business lobbyists, the rest with public interest groups.[38]

Degrees of power that people exercise should be determined by the principles of social justice, rather than by wealth, connections or privilege. It is important for individuals to have control over what happens to them personally, but here we are also concerned with *collective control*, through groups and organisations, over access to the means of achieving fair shares of social, environmental, economic, and political resources. The neoliberal momentum towards deregulating markets and privatising services tends to undermine the conditions that make collective control possible. A new social settlement would seek to reverse that tendency.

Subsidiarity and equality

We subscribe to the principle of *subsidiarity*. Accordingly, power is exercised at the lowest possible level to achieve defined goals. Decisions are taken as closely as possible to the citizen unless there are overriding reasons to elevate them to higher levels – from neighbourhood to local authority, or from local authority to national government. Power is elevated only in instances where it is agreed, by public consent and in the public interest, that social justice and environmental sustainability cannot be achieved by taking decisions and actions at lower levels.

Subsidiarity does not guarantee a more equal distribution of power, although it can help to make progress in that direction. Much depends on how power is balanced between different levels. Where there are conflicts of interest or competing claims between and within groups, these should be mediated through the mechanisms of democratic government, locally and nationally, including informed, deliberative dialogue. States, unlike charities or businesses, are deemed to represent the popular will and are subject – in theory if not always in practice – to democratic control. When they are clumsy and overbearing, the answer is not to roll them back to leave more room for markets, but to reinvigorate the mechanisms of democratic control and safeguard state power in the public interest.[39]

That said, habits of power are easy to form and hard to break, so it will be necessary to keep checking and re-calibrating decision-making arrangements to make sure that subsidiarity prevails and that efforts continue to spread power as evenly as possible across the population.

Underpinning the three goals: meeting human needs

To realise all three goals, the settlement must be able to meet 'the needs of the present without compromising the ability of future generations to meet their own needs'.[40] This formula, set out in the Brundtland Report on sustainable development in 1987, remains an invaluable guide for policymakers. The first step is to understand what is meant by needs, although Brundtland doesn't elaborate. Recent work for NEF sets out a theory of human need in relation to climate change and sustainable welfare.[41] This is useful in determining the conditions for wellbeing, as a central component of social justice; it shows where and why equality matters, both within and between generations; it pays close attention to power; and it can help with trade-offs between competing claims for resources.

As we have noted, the essential premise is that every individual, everywhere in the world, at all times present and future, has certain basic needs. Understanding needs in universal terms, applied across time and place, makes it possible to plan for and measure progress towards sustainable social justice, not only nationally, but also globally and into the future.

Basic needs are what people require in order to participate in the world around them. According to the theory of human need developed by Doyal and Gough, these are defined as health and autonomy, which includes both autonomy of agency and critical autonomy.[42] Health is about physical survival and wellbeing. Autonomy of agency means being able to take action and participate. Critical autonomy means being able to question things. Basic needs apply in all circumstances, to everyone. How these needs are met will vary – often widely – according to the social, environmental, economic, political, and cultural circumstances in which people live. There are nevertheless certain categories of 'needs satisfiers' that are generic, because they underpin everyone's health and autonomy in all cultures at all times. These include adequate nutritional food, water and protective housing; a non-hazardous physical and work environment; appropriate healthcare; security in childhood; significant primary relationships; physical and economic security; safe birth control and child bearing; and basic education. Equality matters in relation to basic needs and, where needs satisfaction is concerned, it matters that these generic satisfiers are universally accessible, albeit in different forms.

Needs, not wants

Understanding human needs in this way offers a much more useful tool for planning and measuring progress towards goals than theories based on wants and preferences, which prevail in classical economics. Wants and preferences are eternally relative and adaptable. They are changeable and ultimately insatiable, so they're entirely unhelpful when it comes to dealing with environmental limits. They cannot be compared across space or time – and therefore offer no help to policy-making for sustainable social justice.

The work by Amartya Sen and Martha Nussbaum[43, 44, 45] on human capabilities, and by Manfred Max-Neef on human scale development and fundamental needs,[46] is also relevant and overlaps with this approach. What makes need theory especially relevant for building a new social settlement is that it offers objective, evidence-based, and philosophically grounded criteria to guide decisions. It provides a basis for understanding what future as well as present generations will need, and what will make it possible for those needs to be met. It suggests a moral framework for deciding about trade-offs. And it strongly indicates that meeting wants and preferences today cannot be allowed to impair the basic needs – health, autonomy, and critical capacity – of poor people and poor countries in the present, or of future generations.

3. Objectives of a new social settlement

In this section we focus on the distinctive objectives of a *new* social settlement. These are not the only important features: they are the ones that make this settlement different from the post-war settlement and which tend to be overlooked in mainstream debates today. They concern planning for prosperity without economic growth, preventing harm, nurturing the core economy, and fostering solidarity.

Objective 1: Plan for prosperity without relying on economic growth

The post-war welfare state was built on the premise that the economy would continue to grow, yielding more tax revenues to pay for more and better public services. Though the economy didn't grow consistently, the expectation of continuing high levels of growth remained the default position for half a century. Now, all sensible forecasts predict significantly slower rates of growth. The crash of 2008 and the way that it has been managed suggest that there will be further bubbles and crises, possibly on a larger scale. Prospects of ever-increasing growth have given way to preoccupations with austerity and retrenchment.

Even if rates of economic growth were to pick up again, this unlikely development would need to be judged in a different light from that which prevailed in the post-war period. Continuing growth, especially in the rich world, is now thought to be incompatible with internationally agreed targets to cut GHG emissions. It may, in theory, be possible to decouple production from GHG emissions by switching entirely to zero-carbon energy sources. It may be possible, in theory again, to go on making more and more things without exhausting finite natural resources. But there are almost no signs of any significant move in this direction and meanwhile growth continues to rely on – and drive – resource-intensive production and consumption.

To achieve a fifty-fifty chance of avoiding global warming exceeding 2° centigrade by the end of the century, and taking population growth into account, global emissions must be cut from today's level of around seven tonnes of CO2 emissions per person per year, to no more than two tonnes by 2050. This would be a revolutionary downshift, cutting emissions more than three-fold in just a few decades. If, instead, output per person continues to grow at its present rate, so that it roughly trebles by 2050, the only way to still have a fifty-fifty chance of avoiding the 2° warming limit by 2050 would be to cut global emissions per unit of production by a factor of 9–10. We must bear

in mind that 2050 is now only 35 years away and – even if these cuts were achieved – there would still be a 50-50 chance of *exceeding* the 2° limit.[47]

Without an imminent miracle, efforts to achieve what has been called 'weightless growth' will fall short, by a wide margin, of the reach and speed required for the human race to live within planetary boundaries, or to keep global warming within limits compatible with human wellbeing. As Tim Jackson has put it:

> *"There is as yet no credible, socially-just, ecologically-sustainable scenario of continually growing incomes for a world of nine billion people… simplistic assumptions that capitalism's propensity for efficiency will allow us to stabilise the climate or protect against resource scarcity are nothing short of delusional."*[48]

It therefore makes no sense to rely on continuing economic growth to enhance tax revenues for a new social settlement. Some argue that it is always possible to find additional public resources for public services, even without growth: raise taxes, close tax loopholes, cut spending on nuclear warheads, for example. All this is possible, if the political will is there. However, there are new calls on public funds that must be accommodated, once we acknowledge the interdependence of social justice and environmental sustainability. Tax revenues are needed for investment in environmentally sustainable infrastructure (such as renewable energy generation and zero-carbon housing and transport systems) and in all possible measures to enable society and the economy to exist within planetary boundaries. At most, any additional public funds will have to be shared between pro-social policies and – no less urgently required – measures to safeguard the natural environment.

To be consistent with the goals of social justice and environmental sustainability, a new social settlement must therefore be designed to function well with little or no additional public funds. The next two objectives follow from this.

Objective 2: Shift investment and action upstream to prevent harm

One way to function well without relying on more tax revenues is to reduce expenditure on coping with avoidable harm. The National Health Service offers a useful illustration. It costs the taxpayer in England nearly £96 billion a year. Of that, a tiny fraction goes towards preventing illness, while £91 billion goes to Clinical Commissioning Groups and National Health England, who spend most of it on treatment and care for people who are ill.

Most forms of ill-health are avoidable. These include, for example, chronic conditions such as obesity and diabetes, hypertension, asthma and emphysema, many forms of cancer, stroke, liver disease, mental health conditions such as anxiety and depression, and injuries caused by road traffic and domestic violence. These may appear at first sight to be a result of individual behaviour (such as poor diet, lack of exercise, smoking and drinking, getting stressed or angry, choice of neighbourhood), yet these more immediate triggers can be attributed to underlying, systemic effects, or what Michael Marmot calls 'the causes of the causes'. Marmot shows in his classic

work on health inequalities that the primary causes of most social problems (which in turn generate health problems) can be traced to the same bundle of issues: material poverty combined with a poverty of opportunity and aspiration, locked in by class, culture, and location.[49]

A new social settlement must address these upstream or underlying causes of harm in order to achieve its goals and to be consistent with the objective of planning without growth. NEF has argued the case for prevention more fully elsewhere.[50] For a new social settlement, the essential points are these: preventing harm is positive, systemic, multi-dimensional, and relatively cost-effective, and there are significant barriers to be understood and overcome.

Positive, not negative

Prevention is a positive, liberating force and a source of long-term security. It helps to maintain and improve the quality of people's lives and to create favourable conditions for wellbeing. It makes more efficient use of public resources, ending wasteful expenditure, and saving tax revenues for dealing with unavoidable harm. It reduces the need for intensive state intervention to cope with downstream problems. And it helps to enable future generations to meet their own needs. In short, it cannot be dismissed, as it often is, as a set of prohibitions by an overbearing state, or as a strategy to save money.

Systemic

A preventative approach can be applied across the board to society, the environment and the economy. This is consistent with a systemic approach to building a new social settlement, and calls for a political economy that embraces all three domains. We have seen how prevention can feature in health and social policy. For the environment, preventative policies include measures to mitigate climate change and, more generally, to align human activities with the finite resources of the planet. Where the economy is concerned, one aim is to prevent the kinds of dysfunction that led to the 2008 crash: regulating financial institutions to reduce speculation and creating equitable access to financial services are examples of preventative measures. A more fundamental challenge is to turn the economy around so that it supports a systemic approach to prevention of harm – by encouraging things that are good for people and the planet (such as safe, satisfying, and rewarding jobs, efficient use of energy, and protection of natural resources) and penalising things that are bad (such as poor working conditions, resource-intensive production, and pollution of air, land, and water). Preventing harm to society and the environment calls for a major reorientation of the current economic paradigm.

Multi-dimensional

In all three spheres – society, the environment, and the economy – there are different levels of prevention, depending on how far investment and action is focused upstream towards the 'causes of the causes' of harm. These can be summarised as follows:

- Upstream interventions that aim to prevent harm before it occurs: these usually address whole populations and systems.

- Midstream interventions to address harm at an early stage by identifying risk and pre-empting further negative effects: these are usually targeted at groups or areas considered vulnerable.
- Downstream interventions to contain or cope with the consequences of harm that has not been, or cannot be, avoided: these are concerned with specific cases.

Table 1 provides some examples in the social policy arena:

Table 1: Different levels of prevention in social policy

Upstream examples	Midstream examples	Downstream examples
· Anti-poverty strategies and measures to reduce socio-economic inequalities · High-quality education for all · Free, universal, high-quality childcare · Ban on smoking in public places · Immunisation and screening	· GP-prescribed exercise for overweight patients · Parenting classes for families considered vulnerable · Efforts to build resilience in disadvantaged communities · Programmes aimed at preventing misuse of drugs and alcohol	· Vascular surgery to reduce risk of stroke, or gastric bands for obese patients · Food banks · Hostels for young teenagers who have run away from home · Women's refuges and rape crisis centres

Policies aimed at adapting to climate change (such as putting in flood defences to stave off rising sea levels) can be seen as downstream coping, because policies and resources are focused on dealing with harm that could have been avoided. Bank bail-outs may also be seen as a wasteful, downstream treatment for an avoidable problem that began much further upstream. The point is not that downstream (or midstream) interventions are unnecessary. All too often they are essential. But without primary prevention, secondary and tertiary measures will have only limited scope or short-term success, because they will always be confounded by factors further upstream that remain undisturbed.

Cost effectiveness

Shifting investment and action upstream to prevent problems occurring in the first place, could greatly reduce levels of demand for more expensive treatment and care services over time. Preventative strategies not only pre-empt spending in the medium and longer term; they generally cost less than downstream interventions that try to cope with the consequences of harm.[51] And they can reduce demand for a range of services, not just healthcare. Unemployment, anti-social behaviour, and many forms of crime, for example, have roots in poverty and deprivation.

Understanding the barriers

Prevention has begun to feature quite regularly in public debates, not least because of the pressures of spending cuts. But the logic of moving upstream to disturb the factors that generate and perpetuate harm generally meets with

a kind of passive resistance, where those with power agree that change is necessary, yet do nothing about it. The barriers are multiple and complex:[52, 53]

- Prevention requires additional resources in the first instance and public funds are in short supply. Investing now to save later makes sound economic sense, but it is politically challenging to shift the balance of resources away from coping and curing.

- Upstream initiatives take longer – often much longer – to demonstrate effects and these can be widely distributed, so that those who invest in prevention may not reap the benefits directly. Politicians want policies based on evidence, but it is more difficult and takes much longer to gather strong evidence that upstream prevention works. The causal pathways become more complex and tenuous, creating an 'evaluation bias against the earliest action'.[54]

- Prevention calls for collective action through local and national government, while the dominant ideology wants minimal state intervention.

- Powerful interest groups make profits, realise political capital, and get personal satisfaction from coping with harm. These include: commercial organisations whose success depends on a continuing flow of demand for products designed to cure or cope, as well as those who make a profit out of harmful products; those politicians whose ambitions are limited to wanting results in time for the next election; and professionals who look after people who are already at risk or in trouble.

Prevention at the heart of a new social settlement

These are formidable barriers, but a new social settlement must have prevention at its heart – as a priority for action, not just a nice idea. It will be important to build a much stronger body of knowledge about the material and human costs of failing to prevent harm, and the benefits of succeeding. The Early Action Task Force has worked hard to embed the common sense of prevention in the minds of politicians, civil servants, and NGO leaders – spelling out the implications for different sectors, making the case for long-term planning and accounting, and identifying small steps that can help to shift towards early action.[55] The London Boroughs of Southwark and Lambeth are hosting the UK's first Early Action Commission to find ways of shifting investment and action upstream. The challenge is to build on these beginnings to generate a much wider public debate and to create enough political momentum to support upstream prevention.

Objective 3: Nurture the core economy

A new social settlement cannot depend on continuing economic growth, or on getting a bigger share of tax revenues, as we have noted. There are, however, other resources available. These are found in what is called the *core economy*: uncommodified human and social resources embedded in the everyday life of every individual (time, wisdom, experience, energy, knowledge, skills) and in the relationships among them (love, empathy, responsibility, care, reciprocity, teaching, and learning). They are core because they are central and essential to society. It is called an economy because it involves the production and exchange of human and social resources.

The core economy extends well beyond the domestic sphere, operating through extended networks, neighbourhoods, and communities of interest and place. Some of its activities are formally organised – for example, through national charities or local authorities; most arise organically from close social relationships. The core economy provides essential underpinnings for the market economy by raising children; caring for people who are ill, frail, and disabled; feeding families; maintaining households; and building and sustaining intimacies, friendships, social networks, and civil society. It is where people learn and share practical skills, such as cooking, gardening sewing, household repairs and DIY, which have been shown to build confidence, connectedness, a sense of self-worth, and people's capacity to help themselves and others.[56] It has a key role, too, in safeguarding the natural economy, since everyday human activities strongly influence how far environmental resources are used sustainably or squandered.

Without the core economy, the formal economy would grind to a halt. The assets and relationships in the core economy are unpriced, and unpaid, routinely ignored and often exploited. Yet they have enormous value.

Social justice and the core economy

The core economy underpins and gives shape to social and economic life. It is where people act intuitively, even routinely, for the wellbeing of others. It holds transformative potential in the detail of everyday life, for example, as the Spanish politician Pablo Iglesias put it: 'in a grandparent teaching his grandchildren that toys are to be shared with others'.[57] However, the core economy does not float freely beyond the reach of public life and paid employment. Nor is it inherently good or right. It is profoundly influenced by the rules, protocols, and power relations that emanate from the state and from the market. It shapes and sustains social and economic life. It also reflects and reproduces social and economic divisions and inequalities.

Most of its transactions involve women working without wages, a pattern that generates lasting inequalities in job opportunities, income, and power between women and men. These are often compounded by age, race, ethnicity, and disability.

Time is a vital resource in the core economy. Everyone has the same amount of time but some people have a lot more control over how they use their time than others. Some people, mainly women, have low-paid jobs as well as caring responsibilities, so they are poor in terms of time as well as in terms of income. Notably, around half of lone parents can't earn enough money to stay out of poverty while making sure their children are looked after (by themselves or someone else), however long or hard they work.[58] How paid and unpaid time is distributed between men and women and across different social groups can exert a strong influence in narrowing or widening inequalities.[59, 60, 61]

For these and other reasons, transactions in the core economy can privilege some people over others (e.g. where better-off parents share a car pool to ferry children to improving after-school activities). Individuals and groups may be excluded or disempowered because of how much discretionary time they have, where they come from, where they live, or their state of health.

Some neighbourhoods (rich and poor) seem to be awash with activities that enrich and strengthen social connections. Some appear beset by divisions or distrust, or have less opportunity for social exchange, because there are no meeting places, or populations are transient, or fear of crime keeps people indoors. In many places, these positive and negative tendencies exist side by side. Some ethnic and cultural groups have stronger traditions of self-help and mutual aid, although these may go hand-in-hand with values and customs that perpetuate inequalities (such as class-based snobbery, racial prejudice, or discrimination against women). It therefore matters a great deal how the core economy develops.

Growing the core economy

For a new social settlement, these human and social resources must be brought into the centre of policy-making, strengthened, and enabled to flourish. This shifts the foundations of the settlement from an economy based on scarcity of material resources to one based on an abundance of human resources. It also shifts the focus of the settlement from a deficit model, centred on problems that require fixing, to a systemic approach that starts with the strengths and assets that people already have and what it takes to lead a good and satisfying life.

The core economy can flourish and expand, or weaken and decline, depending on the circumstances and conditions within which it operates. It can grow if it is recognised, valued, nurtured, and supported. For a new social settlement, the core economy must be able to grow in ways that are consistent with, and help to achieve, sustainable social justice. How this is done will affect the quality of people's daily lives, the power and resources they have at their command, the relationships between them, their physical and mental health, and their future prospects, as well as shaping the way needs are identified and met.

Growing the core economy in ways that are consistent with social justice implies an important role for public institutions – to create the conditions for equal participation, a vibrant civil society and confident, creative local action. We set out more detailed practical proposals below. These include redistributing paid and unpaid time, supporting unpaid activities, enhancing individual and collective control, and making co-production the standard way of getting things done.

Objective 4: Foster solidarity

A new social settlement will depend, as we have noted, on people getting together, pooling resources, and acting collectively to support each other. However, the concept of solidarity – which encapsulates these objectives – features too rarely in contemporary debates about social policy.

We understand solidarity as feelings of sympathy and responsibility, shared by people within and between groups, encouraging inclusive, supportive action.[62] It rests on an understanding that people's lives and life chances are interconnected. It implies a sense of shared values and purpose, and often suggests reciprocity (meaning an exchange of similar or equivalent value). It is more easily generated in smaller groups, and among people who share similar interests and identities. But it can also be applied to

relations between groups. For a new social settlement, this kind of solidarity between groups is especially important. (This is what Robert Putnam calls 'bridging social capital'.[63]) Without it, there are just groups fending for themselves, either in active competition or in conflict with others, or indifferent to how their actions impinge on the capacity of others to fend for themselves.

As well as connectedness, sympathy, and responsibility, solidarity is historically associated with active mutual support in pursuit of a shared purpose. Typically, it implies concerted action to deal with a common challenge or adversary. But (as with the core economy) it is not intrinsically virtuous. It can be felt between men to the exclusion of women, or between one gang, class, nationality, or ethnic group against others. On the other hand, there are countless groups, organisations, and campaigns where people express sympathy and responsibility for one another, offer active mutual support, and reach out to make common cause with others. Examples include the Transition Network, Co-operatives UK, trades union campaigns that reach beyond their members' immediate interests, such as TUC support for campaigns on child poverty and human rights, and social movements connected largely through social media, such as UK Uncut and Occupy.

In our view there isn't a blueprint for solidarity. It's a kind of politics, open to negotiation and subject to change. The aim is to understand how different catalysts can work together to generate the kind of solidarity that will help to achieve the goals of a new social settlement. For this, we want a solidarity that is *inclusive, expansive and active, both between groups who are 'strangers' to each other, and across present and future generations.* The 'common challenge or adversary' is not specifically other people, but the systems and structures that shore up inequalities, foster short-term greed, plunder the natural environment, and blight the prospects of future generations.

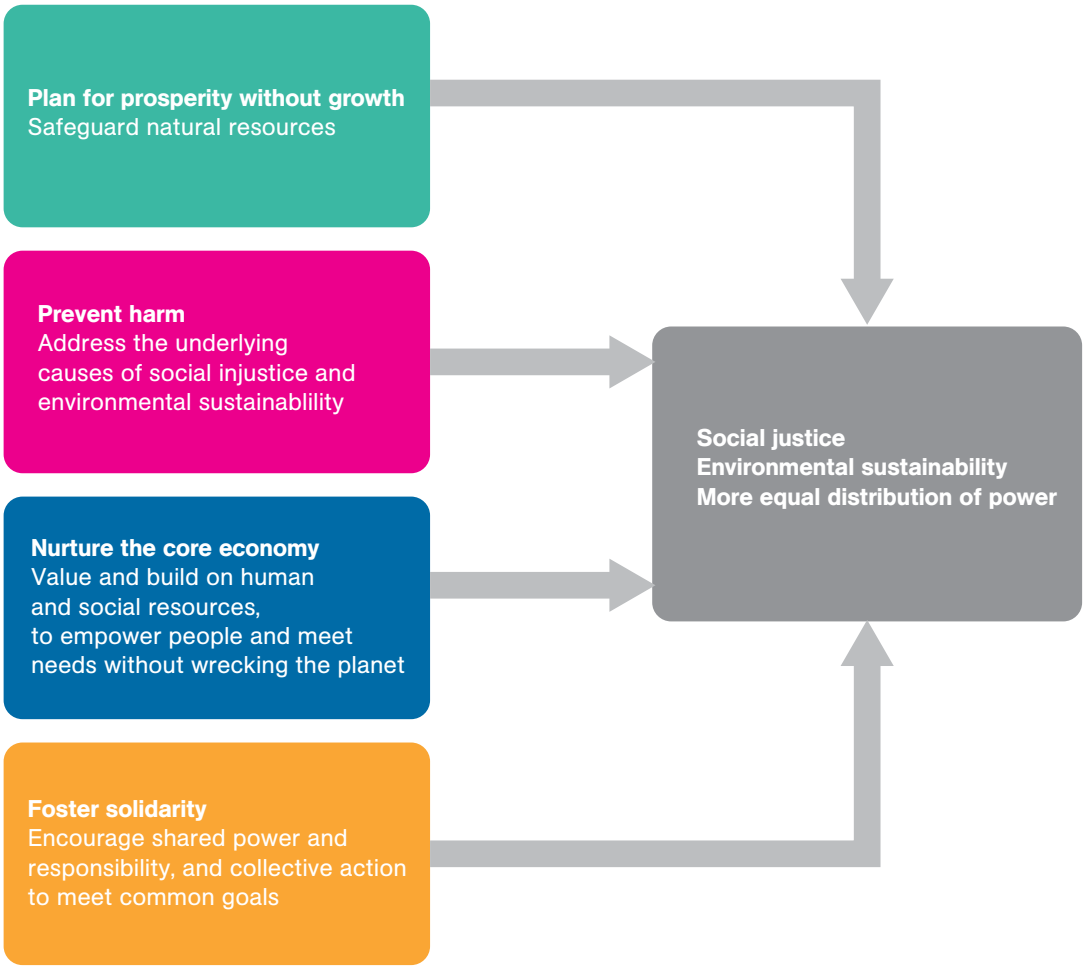
Solidarity for a new social settlement

NEF has explored the issue of solidarity in more detail elsewhere.[64] It is found to be weakened by neoliberal ideology, which promotes individual choice, competition, consumer sovereignty, and the allegedly inherent 'fairness' of free markets; by widening inequalities, which make it much harder to generate feelings of sympathy and shared responsibility between richer and poorer groups; and by divisive politics where elites entrench their position by encouraging fear and distrust among others. Measures that should

help to strengthen solidarity include: narrowing inequalities, devolving power, encouraging dialogue and participation, promoting co-production, fostering collective forms of ownership and control, building an inclusive social security system, and developing state institutions and actions that encourage collaboration between groups and organisations. We return to these themes in our our proposals for policy and practice

Each of the objectives helps to achieve the goals of a new social settlement, as Figure 2 indicates.

Figure 2: Summary of links between objectives and goals



4. A note on ideology and narrative

As we build the case for a new social settlement, we are dealing not just with hard facts and moral assumptions but with a prevailing narrative about what can and can't be changed. This narrative suggests, for example, that:

- The economy functions best if there is open competition and free choice.
- The main job of government is to manage a growing economy and keep state interference to a minimum.
- The government's austerity drive is not a political choice but an absolute necessity.
- Public institutions are big, cumbersome and costly, and need to be cut down to size.
- People are too dependent on the state and should take more responsibility for themselves.
- 'Hard-working families' are good, while all those dependent on state benefits are morally suspect.[65]
- Economic growth is the best measure of success.

The greatest achievement of this narrative is that it is considered common sense, apolitical, and incontrovertible. Those who challenge it are often accused of being in thrall to ideology, which is represented as a toxic condition, from which all sensible people, especially political leaders, recoil. When David Cameron launched the Coalition government's austerity drive in 2010 he declared: 'We are not driven by some theory or some ideology. We are doing this as a government because we have to…'[66] His words echoed Tony Blair's famous claim that New Labour was 'beyond ideology… we are interested in whatever works'.[67]

This distancing of politics from ideology is itself ideological. It amounts to an assertion that one set of ideas is absolute and beyond argument. It closes down important areas of debate, obscures valid differences of opinion and experience, and helps to turn the electorate against politics; it keeps opposition fragmented and weak.[68] As Terry Eagleton points out 'a ruling ideology does not so much combat alternative ideas as thrust them beyond the very bounds of the thinkable.'[69] The prevailing neoliberal agenda, which favours free markets, individualism, a small state, low taxes, and the primacy of economics, is no less ideological than, for example, an agenda that favours

social justice, environmental sustainability, and a more equal distribution of power.

Our proposals represent ideas that are different from the dominant narrative, for example:

- Markets should serve the interests of people and the planet, not the other way around.
- Every individual deserves an equal chance in life and more equal societies are more likely to flourish.
- Today's needs must be met without compromising the capacity of future generations to meet their own needs.
- Resources and activities are valued by their contribution to sustainable social justice, not according to market prices,
- Shared responsibility, collective action, and collaborative working are more likely to achieve social, environmental, and economic benefits than competitive markets.
- Power should be distributed widely and exercised at the lowest possible level.
- The job of government is to promote sustainable social justice, and to manage markets accordingly.
- Wellbeing for all is a better measure of success than economic growth.

These ideas cannot be grafted on to the 'conventional wisdom' produced by neoliberal ideology. They represent a different – and in our view more compelling – ideology, and call for a new narrative. As NEF has argued elsewhere,[70] this won't work if we simply use evidence, moral claims, and reasoned debate to refute the neoliberal story. We need to build a more powerful story, with a new framework. A first step is to bring ideology out into the open: to revive political debate, as well as debates about politics, and to rehabilitate the notion that policies can be, and usually are, grounded in systems of ideas and ideals.

5. Proposals for change

We have outlined the goals and distinctive objectives of a new social settlement. To summarise, the goals of the settlement are social justice, environmental sustainability, and a more equal distribution of power. The four objectives are to plan for prosperity without growth, to move investment and action upstream to prevent harm, to nurture the core economy, and to foster solidarity. These represent a radical shift away from current policy and practice.

We now set out proposals for change that serve these aims and objectives. They cover only a fraction of what needs to change: as we noted earlier, our aim is to highlight issues that point in a new direction and that tend to be given less attention in mainstream debates.

Our proposals are divided into four linked categories: rebalancing work and time, releasing human resources, strengthening social security, and planning for a sustainable future. In each section we provide links to other relevant work by NEF which is not dealt with in detail here. And we show how the proposals help to achieve the objectives of a new social settlement.

Proposal 1: Rebalance work and time

Like the post-war welfare state, the new settlement aims for full employment. But this cannot now be achieved through the pursuit of economic growth. The aim is not just to create *more* jobs, but to create jobs that help to achieve our goals and objectives. We are seeking secure, satisfying, and sustainable paid work for all, alongside a transition to shorter and more flexible hours of paid work, decent hourly rates of pay, and universal, high-quality childcare.

Secure, satisfying, and sustainable work for all

This calls for an industrial and labour market strategy that supports innovation, learning and creativity, and operates across sectors of the economy to identify opportunities and generate activity. The aim of the strategy is to create new jobs and convert poor jobs into good ones.

A good job is one that is paid a decent hourly rate, values the individual, and provides working conditions that enhance health, autonomy, and wellbeing. A good job offers opportunities to develop skills and make progress to more rewarding work, and enables the employee to balance paid work

with unpaid responsibilities and to lead a satisfying life both in and out of the workplace. A good job contributes to environmental sustainability: this means that the outputs of the employing organisation (products and services), the materials used to produce them, and the working practices of employees are designed to reduce GHG emissions, safeguard finite natural resources, and, where possible, create the necessary infrastructure and conditions for a sustainable economy. A good job is where employees have a degree of control over their lives, and power is shared across the workforce, rather than accumulated at the top.

The strategy must be backed by strong labour market institutions and by well-supported local governance arrangements so that it operates across localities and regions as well as at national level. It should be designed and delivered with social partners, i.e., with organisations representing employers, employees, and government.

To make it viable, other changes are needed. These include enhancing rights for employees and transforming industrial relations, by recognising trade unions as valuable partners in developing the strategy, and valuing workplace bargaining as a route to achieving good jobs. Current austerity policies must give way to strategic investment, with new money injected directly into the real economy through better use of quantitative easing, backed by a substantial reform of the financial system, more regional and local banks, capital controls, more progressive taxation, and a crack-down on tax avoidance.

Similarly, the culture and practice of business need an overhaul, so that it becomes the norm rather than the exception for commercial enterprises to create good jobs (and, indeed, to support all the goals of this settlement). This points to a radical transformation of capitalist markets, which is beyond the scope of this report, but could include such reforms such as: switching taxes from positives (labour and added value), to negatives (waste, emissions, non-renewable materials); reforming ownership models to give employees more control; shifting financial models to support long-term sustainable investment; requiring businesses to have a social purpose enshrined in a charter that is subject to regular review; and strengthening democratic control of markets.[71, 72]

Secure, satisfying, and sustainable work for all provides a foundation for a new social settlement. We will not elaborate further here, as details are set out in other proposals from NEF for a new macro-economic strategy,[73] a British business bank,[74] a good jobs plan,[75] wellbeing at work,[76] and a 'Green New Deal'.[77]

Shorter and more flexible hours of paid work

Moving to shorter hours of paid work per person is the surest way to achieve good jobs for all in the context of little or no economic growth. Without growth there will be more unemployment unless jobs are restructured to spread hours of paid work more evenly across the working-age population. We therefore propose a slow but steady move, over a decade or so, towards a new standard working week. Today, the official norm is between 37.5 and 40 hours (depending on whether or not a half-hour lunch break is included). No-one is supposed to work more than 48 hours a week, but there are plenty

of exceptions to this rule and many opt out and work longer. One in five works more than 45 hours a week. Our proposal is for a new norm of 30 hours initially, moving over a longer period towards 21 hours.

Benefits of a shorter working week

The logic of this proposal extends well beyond the workplace. We noted earlier that time is a vital resource in the core economy, and that some people have much more disposable time than others. NEF has argued elsewhere that reducing the standard working week could bring a range of social, environmental and economic benefits.[78, 79] In summary, these include:

- *For society.* Shorter hours of paid work, for men as well as for women, would make it easier to balance employment with family responsibilities. It would help to prevent stress and anxiety, and associated risks to health. It would begin to unlock entrenched gender inequalities by freeing up time for men to take a greater share of childcare and unpaid domestic work, and (as a consequence) for women to play a more equal role in the labour market. It would enable people to spend more time on all those unpaid activities that constitute the core economy, supporting family and social relations, and underpinning the formal economy. It would leave more time for participation in local activities, in democratic decision-making, and in politics. For older people, it could transform the process of moving from full-time employment to full retirement, with a gentler and more gradual transition, rather than a sudden drop from 40 hours to none, which is the experience of many older people today.

- *For the environment.* Moving to shorter hours would challenge the prevailing assumption that the main purpose of life is to work more in order to earn more, in order to buy more. It would reduce the amount of resource-intensive consumption associated with being busy and time-poor, such as processed ready-meals; flying instead of taking the train; and travelling by car rather than walking, cycling, or taking public transport. It would leave more time to live sustainably – making and repairing instead of buying new things, growing and preparing food, spending more time with friends and neighbours, learning new things, and discovering pastimes that are more creative and rewarding than shopping. More generally it would help more people to move out of the fast lane and reconsider what really matters in life. There is some evidence that countries with shorter average working hours have a smaller ecological footprint.[80]

- *For the economy.* Shorter hours of paid work would make it possible to manage an economy that is not growing, by distributing paid work more evenly among workers and reducing unemployment. This is not a simple equation, but it would help to create more jobs and keep more people engaged in the labour market, avoiding the multiple disadvantages associated with unemployment (such as a lack of opportunity to improve skills, low self-esteem, a sense of hopelessness, and social isolation, all of which carry risks for mental and physical health). There is no evidence that shorter hours are bad for a country's economic success as measured by GDP. Indeed, many countries with shorter-than-average working hours have stronger-than-average economies.[81] There is evidence that workers on shorter hours tend to be more productive hour-for-hour,[82] while workers who

are better able to balance paid employment with unpaid responsibilities have higher wellbeing and constitute a more loyal, stable, and committed workforce.[83]

Making the transition

The best approach in our view is to make the transition incrementally, learning from experience in the UK and in other countries. Most people say they would like more time to themselves, but few would welcome being forced to cut their working hours or pay. We therefore suggest combining measures to encourage voluntary reduction in working hours with a supportive regulatory framework and incentives for employers to take on more workers on shorter hours.

For a start, the right to request shorter hours, which already exists, should be strengthened so that employers have fewer grounds for refusing.[84] Equality legislation should be extended to outlaw discrimination on grounds of hours worked, so that workers on shorter hours are treated equally with those on longer hours. There should be statutory limits to overtime and the UK should opt in to the EU working time directive. These measures should be combined with sustained efforts to achieve decent hourly rates of pay.

Incentives for employers should change to encourage short-hours working, for example, by linking employers' national insurance contributions with the number of hours worked, not with the number of employees. A stronger framework, supported by government, for apprenticeships, training, and skills development, would help to ensure that organisations moving to shorter hours can recruit more employees with appropriate skills. These changes would help organisations to benefit from the gains associated with shorter and flexible working hours, such as increased employee productivity, loyalty, and creativity which businesses are beginning to discover internationally.[85]

In many employing organisations, productivity gains help to determine annual pay awards for workers: some of these gains could be exchanged for time rather than money each year. For example, instead of getting a 3% pay rise, workers would get a 1.5% increment combined with a commensurate reduction in hours (approximately 30 minutes per week). This would accumulate over time, without pay reductions or productivity losses. Initially, it may be easier to introduce this change for employees on average or higher earnings, which carries a risk of accelerating inequalities in time as well as money. On the other hand, as Juliet Schor argues, it would begin to undermine the association between long hours working and 'success' at work, as well as limiting the resource-intensive consumption patterns of higher-income groups.[86, 87] Working 'part-time' would cease to be a mark of low-paid, low-status employment and become instead the new 'full-time' and a goal for all workers. It is also worth noting that extra time gained cannot be eroded through inflation: an hour remains an hour, while extra money gained is likely to lose some of its value over time.

We propose, in addition, that all new labour market entrants – young people coming into their first job – are employed for 30 hours a week. With each new cohort, the numbers working 30 hours would grow until there is a critical mass, while no-one would experience a forced reduction in paid working time. At the other end of the age range, we propose that older workers reduce their hours by one hour a week each year from the age of 50 or 55. This kind of arrangement could effect a gradual transition to full retirement, enabling older workers to stay in the labour market for longer. By way of illustration, this would mean that a 50-year-old employee working 40 hours a week would reach 30 hours a decade later and 20 after two decades, if she chose to continue in paid work until 70.

Crucially, our proposal for shorter working hours must go hand in hand with a concerted offensive against low pay, which we address in the following section.

Decent hourly rates of pay

While productivity has expanded exponentially over the last half century, workers' share of productivity gains has diminished, especially since the 1970s, with a greater share going to profits. More than one in five employees (22%, or more than 5 million individuals) earns less than the low-pay threshold, which is calculated as £7.69 per hour, or two-thirds of the gross median wage; one in 50 (2%) earns less than half that rate; and since 2009, the number of workers earning less than a living wage has rocketed, from 3.4 million to 4.9 million in April 2013.[88] The living wage, which is slightly above the low-pay threshold, is calculated in 2014 as £9.15 per hour for London and £7.85 for the rest of the UK: it rests on assumptions about essential household expenditure combined with today's 'normal' working hours. While higher earners often work much longer than 40 hours to gain success in the workplace, and/or to support higher levels of consumption, at the lower end of the income scale, people often work much longer hours, combining two or three jobs, just to make ends meet, or because they are trying to achieve living standards above poverty levels. We have noted the multiple problems associated with long working hours. The answer to the problem of low pay is not to make people work longer hours to feed and house themselves and their families, but to tackle low pay directly.

For a new social settlement, the first step must be to achieve at least a decent living wage for all workers, as a statutory minimum rather than on a voluntary basis as at present. Put another way, the national minimum wage, currently £6.50 per hour, must be increased to the level of the living wage. To be consistent with the proposed move towards a shorter working week, the living wage must be increased further. For example, a living wage calculated on the basis of a 40-hour week at £7.85 per hour, would need to rise, over time, to the equivalent of £10.46 per hour (in today's terms), to bring the requirements of a living wage into line with a new standard 30-hour week.

Raising the minimum (or living) wage is one part of the strategy for achieving decent hourly rates of pay. Further measures are needed to drive up wages and narrow income inequalities. NEF has set out proposals in more detail elsewhere.[89] They include strengthening trade unions and collective bargaining rights, and improving training and skills development so that

lower-paid workers have more chance to progress to higher-paid jobs. In addition, public companies should be obliged to publish pay ratios showing the gap between the highest and lowest paid; where the ratio exceeds an agreed maximum (this could be between 1:20 and 1:10, subject to national agreement) the burden of proof should be on the company to justify the excess.[90]

Universal, high-quality childcare

Childcare plays a pivotal role in rebalancing work and time. For many households it shapes the relationship between paid and unpaid work, which in turn affects the life chances of children and parents. High-quality childcare can help children to flourish, whatever their family circumstances. It can help parents to flourish, too, knowing that their children are being well-cared for while they go out to work. But not everyone has access to high-quality childcare, and this has far-reaching consequences for children, parents, and society as a whole. Unequal access to high-quality, affordable childcare triggers and intensifies a range of income, gender, and social inequalities. NEF proposes three changes to help overcome inequalities and move towards better childcare for all.

Improve the quality of all formal childcare

High-quality childcare is known to provide important cognitive and emotional benefits for all children, but especially for those from poorer backgrounds or whose parents have little education. The effects are strongest in children's early years and benefits continue to be felt through school years, into adulthood.

There is strong evidence that children's life chances are profoundly affected by what happens in their early years. The quality of childcare for pre-school children is no less important than the quality of primary education, and yet childcare workers are paid much less than primary school teachers and have much poorer opportunities for training and career development. It follows that better training and higher wages will be an essential first step towards higher-quality childcare, and that it is reasonable to value childcare workers on a par with primary school teachers.

NEF has calculated the financial implications of this, indicating the potential costs of providing full-time formal childcare for all children in England aged 6 to 36 months, at three different wage levels for childcare workers. This cost would be £6,390 per child per year at current wage levels; £7,268 at a living wage (at 2012 rates); and £18,075 if childcare workers were paid on a par with primary school teachers. Accordingly, the higher-wage scenario would make full-time childcare unaffordable for most families without substantial government support.[91]

Impacts on childcare of a 30-hour working week

Moving towards a shorter working week could transform the prospects for affordable, high-quality childcare. It could enable children and parents (fathers as well as mothers) to spend more time together and, as we have already noted, improve parents' work-life balance, as well as helping everyone to live within environmental limits.

Moving to a standard 30-hour working week would free up parents' time for more home-based childcare and so reduce the number of hours – and therefore the costs – of formal childcare per child. NEF's calculations show that the costs would nearly halve, to £3,553 per child per year at current wage levels. If childcare workers were paid a living wage (adjusted upwards to take account of their reduced working hours), this cost would be £5,111 per child per year; and if childcare workers were paid at the same level as primary school teachers, it would be £10,041, a considerable reduction from the costs for a 40-hour week as Table 2 shows.

Table 2: Summary of childcare costs per year (2013)[92]

Wage levels for childcare workers	Standard working week	
	40 hours	30 hours
Current	£6,390	£3,533
Living wage	£7,268	£5,111
On a par with primary school teachers	£18,075	£10,041

Making high-quality childcare universally available

The current system of childcare provision locks in a range of inequalities and perpetuates cycles of disadvantage, unfulfilled human potential, and failure to flourish. These have very costly consequences, for individuals, for society as a whole, and for the economy. Physical and mental ill-health, poor learning, undeveloped skills, unemployment, substance misuse, social conflict, and criminal behaviour all have negative impacts on wellbeing; they also trigger demand for services and benefits that could be avoided by tackling the underlying causes of disadvantage and inequality.

For childcare to play a useful role in reducing income and gender inequalities, and in preventing harm and improving wellbeing, it must be high quality and universally available. Although moving to shorter hours could substantially reduce the costs per child, the costs of high-quality care remain well beyond the means of low-income households. It must therefore be supported by public funds so that every family can afford it. This should be treated in public accounts not simply as expenditure, but as a vital investment in social and economic infrastructure.

Table 3: Rebalance work and time: summary of links between proposals and objectives

	OBJECTIVES			
PROPOSALS	**Plan for prosperity without growth**	**Prevent harm**	**Nurture the core economy**	**Foster solidarity**
Good jobs for all	Good jobs are designed to be sustainable, not to drive productivity and growth	Avoids social and economic harm caused by poor working conditions and unemployment	Working conditions compatible with unpaid responsibilities	Values trade unions as partners in planning good jobs and collective bargaining rights
A shorter working week	Helps to manage a sustainable economy without incurring higher unemployment by distributing paid work more widely	Avoids health problems associated with long hours of work and helps prevent environmental damage	People have more time for unpaid activities as family members, carers, friends, neighbours	People have more time to participate in collective action and democratic politics
Fair pay for all	Values workers not just growth and profit, and makes shorter working hours possible	Values workers, avoids problems associated with poverty and low self-esteem; reduces reliance on benefits to make ends meet	Fair pay and shorter hours support the core economy	Greater income equality provides a sound basis for sharing responsibility and pooling resources to meet shared needs
Universal high-quality childcare	Caring work generally supports human wellbeing, without stimulating growth	Prevents social problems associated with poor care in early years, parental stress, and unemployment	Builds a bridge between the core and formal economies and helps create a better balance between them	Helps build social networks for children and parents; a strong expression of collective action to meet shared needs

Proposal 2: Release human resources

We have argued that a new social settlement should be planned without economic growth, instead tapping into human and social resources that make up the core economy. Recognising and building on the assets that people already have is a way of releasing valuable resources that can be used to meet needs and improve wellbeing. As things stand today, these resources are routinely overlooked and under-utilised: the default model is to regard people as problems that need fixing by others, rather than as having value and potential in their own right.

We offer three, inter-related proposals for tapping into human resources: build capacity and control in the core economy, promote co-production, and develop ways of commissioning services that focus on outcomes and help to promote co-production.

Build capacity and control in the core economy

An important starting point for growing the core economy is to devolve power and encourage people and communities to take control over their lives, neighbourhoods and local action wherever possible. This is partly about formal devolution, in line with the principle of subsidiarity, with more power for local authorities and, within them, for neighbourhood-based decision-making bodies.

It is also about local networks and groups, some of which are formally organised while others are more informal and spontaneously constituted. A key function of government is to ensure that these groups, organisations, and networks have adequate and consistent support so that people can continue to engage with each other, join forces, and act together. This includes making spaces available for people to meet, such as community centres, parks, playgrounds and other venues, with access to shared resources for learning and communication. Like childcare, these provisions should be seen as a vital investment in social and economic infrastructure, not as an occasional privilege or an act of generosity.

It must be recognised that people have different degrees of capacity to take control over their lives and circumstances. It is therefore important to develop a clear understanding of control, of what is needed to exercise control, and of how control can be fostered more equally across society, both for individuals and for groups.

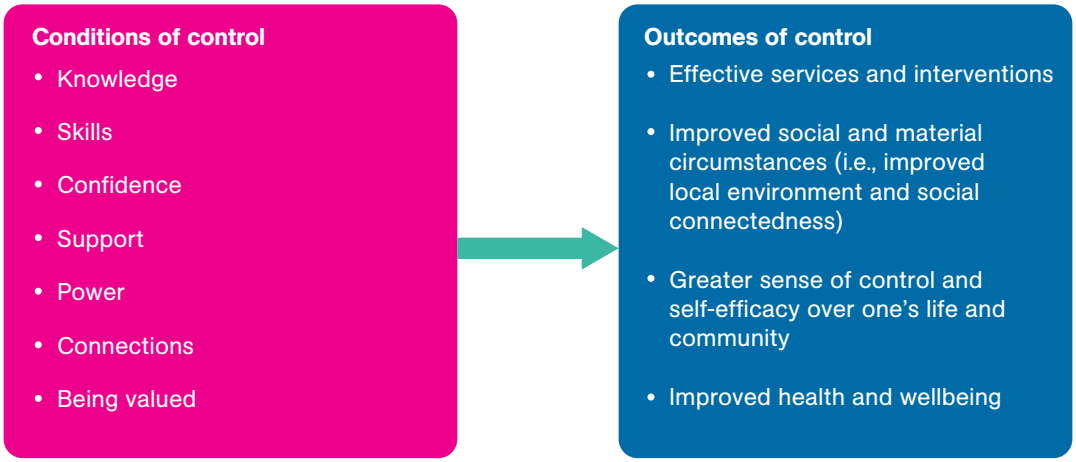
NEF has begun to undertake this work by deconstructing the concept of control and mapping its necessary components.[93] Our findings suggest, in a nutshell, that control rests on having:

- power to influence decisions that affect your life: having a valued role in decision-making, not just a place in decision-making structures;
- knowledge, skills, confidence and time to make the best use of opportunities to exercise control (without developing these attributes, attempts to 'give' people control can be meaningless, as NEF has argued elsewhere[94]); and
- support – including practical and emotional assistance – to overcome social or structural problems that undermine our ability to take control.

There is a body of research that suggests a range of potential benefits derived from individual and collective control: these include more effective services and interventions, improved social and material circumstances, a greater sense of control and self-efficacy (at both individual and community level), and improved health and reduced health inequalities. The more control a community has, the more empowered it becomes, and the more these outcomes are maximised.[95] At an individual level, the Marmot Review notes that the extent to which people participate in their communities and how far

this brings more control over their lives will have 'the potential to contribute to their psychosocial wellbeing and, as a result, to other health outcomes'.[96]

Figure 3: NEF's model of life control



Understanding what control means to people, what constitutes control, and how it is exercised, is a first step towards opening up opportunities for people to take control over what happens in their own lives and neighbourhoods. But opening up opportunities is never enough. Special efforts will have to be made to include groups and individuals who are currently marginalised and/or time poor. Often, this means providing practical support while letting people do things their own way, on their own terms, to identify their needs and decide how to meet them.

Promote co-production

Co-production describes a particular way of getting things done, where the people who are routinely described as 'providers' and 'users' of services work together in equal and reciprocal partnerships, pooling different kinds of knowledge and skills, and bringing together the formal and commodified resources of professional services with the informal and uncommodified resources of the core economy. This way, people act together to identify needs, design activities to meet those needs and, as far as possible, work together to deliver those activities. It is an important way of enhancing individual and collective control.

Co-production is best understood as a set of principles to guide how things are done, rather than as a set of instructions.

Principles of co-production[97]

- Recognise people as assets: see people as equal partners in the design and delivery of services, not passive recipients of – or, worse, burdens on – public services.

- Build on people's existing capabilities: rather than starting with people's needs (the traditional deficit model), co-produced services start with peoples capabilities and look for opportunities to help these flourish.

- Foster mutual and reciprocal relationships: co-production is where professionals and people who use services come together in an interdependent relationship, recognising that all have a valuable role in producing effective services and improving outcomes.
- Strengthen peer support networks: engaging peer and personal networks alongside professionals is a good way of transferring knowledge and supporting change.
- Break down barriers: change the distinction between professionals and recipients, and between producers and consumers of services, by reconfiguring the way services are developed and delivered.
- Facilitate rather than deliver: enable professionals to become facilitators and catalysts for change rather than providers of services.

Making co-production the standard way of getting things done

Building on these principles, NEF proposes that co-production becomes the mainstream or default approach to meeting needs of all kinds, in third-sector bodies as well as public institutions. For this to happen, professionals and others who provide services, whether directly in the public sector or in charities and community-based organisations, will need to change how they think about themselves, how they understand others, and how they themselves operate on a day-to-day basis. They must learn to work in partnership with those at the receiving end of services, to value and respect them, and to help them to realise their potential. Working *with* people, rather than doing things *to* them, they learn to facilitate action by others and to broker relationships between them. These changes are most likely to take place if institutional practices change, especially where public authorities commission services.

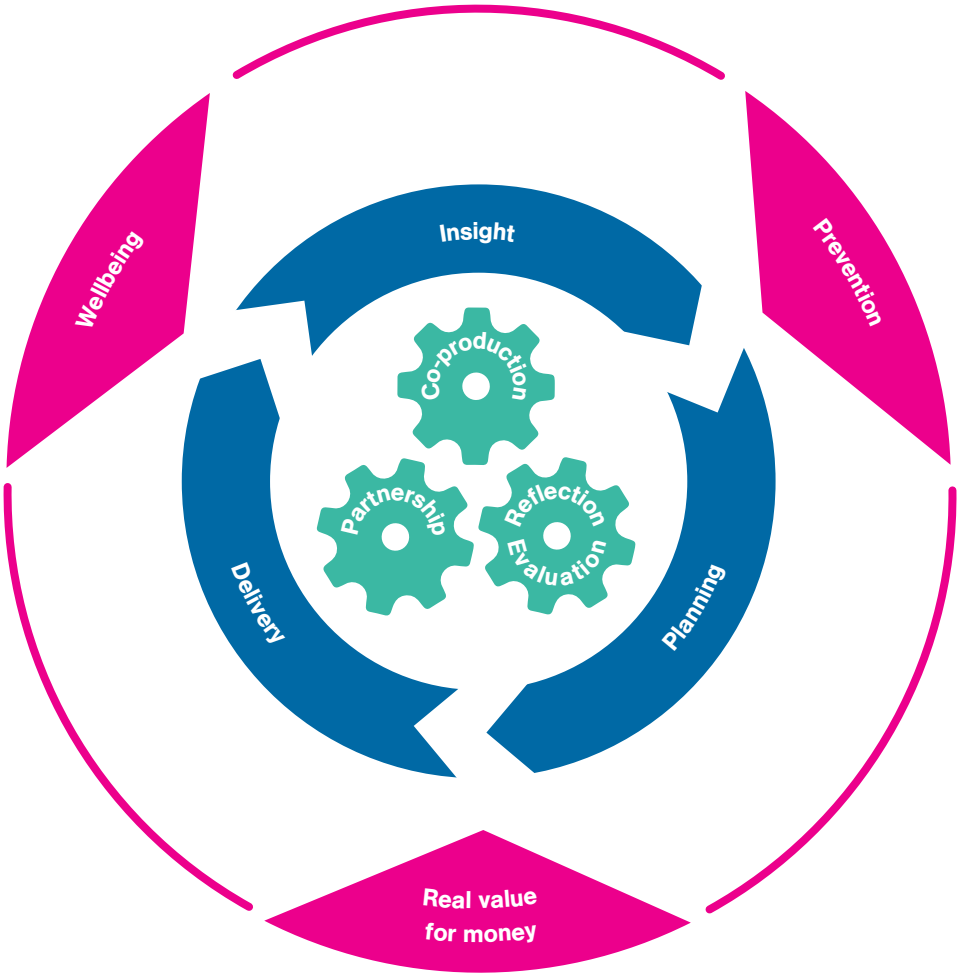
Co-production not only taps into human resources; it also encourages people to join forces and make common cause. At its best, it builds local networks and strengthens the capacity of local groups. It draws upon the direct wisdom and experience that people have about what they need and what they can contribute, which helps to improve wellbeing and prevent needs arising or intensifying. By changing the way people think about and act upon 'needs', this approach promises more resources, better outcomes, and a diminishing volume of demand for services.

Commission services for outcomes and co-production

How to best release human resources should be routinely considered in the design and delivery of publicly funded activities. Much of this starts with commissioning, the process through which public money is spent by local authorities and government departments to deliver particular services or activities.

NEF has developed new model of commissioning which is designed to put social, environmental, and economic value for money at the heart of decision-making about public services. Developed through practical work with local authorities across the UK, it aims to overcome problems associated with conventional commissioning. The process is captured in Figure 4 and further details can be found in NEF's practical guidance for commissioners.[98]

Figure 4: NEF's approach to commissioning



NEF's approach has already been applied across a range of local activities, including services for young people, mental health services, and provision of school meals. It takes a new perspective on the phases a commissioner might go through, and the core intentions and methods applied to commissioning. There are three phases: develop insights, plan effectively, and improve delivery. Activities within each phase (many of which are common to commissioners), are adapted to support a focus on social, environmental, and economic outcomes and co-production.

Instead of focusing on tightly defined outputs, unit costs, and short-term efficiencies, it focuses on outcomes; on creating longer-term social, environmental, and economic value; and on preventing problems from occurring or intensifying. It fosters collaboration and innovation, and promotes the principles of co-production – both for the commissioning process itself and for the commissioned services. It works with local people to gain insights about assets and needs, and to find ways of tapping into human resources as well as getting real value from investing public funds.

Table 4: Releasing human resources: summary of links between proposals and objectives

	OBJECTIVES			
PROPOSAL	**Plan for prosperity without growth**	**Prevent harm**	**Nurture the core economy**	**Foster solidarity**
Build capacity and control in the core economy	Helps people to flourish independently of the formal economy	Strengthens people's confidence and avoids problems arising from powerlessness	Values and supports everyday, un-priced assets and relationships	Creates opportunities for people to act together for shared purpose
Promote co-production	Releases human and social assets to meet individual and shared needs	Values people, taps into everyday wisdom to identify needs at an early stage	Brings human and social assets into the heart of policy and practice	Pools different kinds of knowledge and skills; highlights value of collective action
Commissioning services for outcomes and co-production	Aims to get better outcomes for people without relying on increased public expenditure	Puts early action to prevent harm high on the public services agenda	Starts from where people are, and their assets and strengths, rather than treating them as problems	Focuses on engaging people and encouraging them to work together

Proposal 3: Strengthen social security

The idea of social security is traditionally associated with benefits. It means something much more for a new social settlement. Central to the aim of sustainable social justice is enabling people to live their lives without being knocked back by risks and disadvantages that are beyond their control and with which they cannot cope alone. Being left exposed to risks such as ill-health, disability, unemployment, homelessness, and poverty is profoundly insecure. Resources must therefore be pooled so that society can act collectively to deal with problems that befall individuals and families, often threatening catastrophic consequences. This purpose was also at the heart of the post-war settlement, although it has been weakened in recent decades by a shift towards targeted and means-tested measures.

Security for all, as an integral part of sustainable social justice, depends on public services as much as (if not more than) on money transfers such as Job Seeker's Allowance, Child Benefit, and pensions. These services includes childcare, education, health, and social care as well as refuse collection, street lighting, parks and neighbourhood spaces, and all those things that are provided for everyone, not just those who can afford them. Together, they have been described as the 'social wage'.

Today's welfare system seems increasingly insecure, as its capacity to protect people from insecurity is undermined by public spending cuts and the incursion of competitive markets. In this section we begin with proposals for public services (the social wage) and then turn to benefits (cash transfers), or what is traditionally known as the social security system.

More diverse, open, and collaborative public services

Public services play a crucial role in creating equal life chances. They have been found to reduce income inequality by an average of 20% across OECD countries, by providing a 'virtual income' which amounts to an average of 76% of post-tax income for the poorest groups in those countries, compared with an average of 14% for the richest groups.[99] Research for Oxfam shows that funds devoted to health and education services in the UK amount to 140% of the total earned income of the poorest 12 million people.[100] While different income groups enjoy almost equal benefit, a free public service such as healthcare or education makes a far bigger difference to the lives of those on low incomes than it does to the better off. The greater the absolute benefit received by everyone, the greater the equalising potential. Improving quality of services across the board also increases the potential of services to narrow inequalities, which in turn helps to prevent or minimise a range of social and economic problems.

Impact of markets

The post-war model of public service delivery, through public agencies mainly controlled from Whitehall, has exhibited great strengths and produced hugely impressive results. It has been slow to adapt to changing circumstances, however, and over time has attracted criticism for being over-sized, over-bearing, inflexible, and inefficient. The prevailing neoliberal narrative holds that problems related to state provision can be solved by introducing market mechanisms, yet there is no evidence to support this. NEF's review of the impacts of NHS reforms could find no evidence that markets were a solution to problems facing the NHS.[101] Indeed, all the evidence points in the opposite direction. Market rules, including the 'purchaser-provider split', competitive tendering, and patient 'choice'; market mechanisms such as the Private Finance Initiative and Payment by Results; and the contracting out of NHS functions to profit-seeking organisations – none of these reforms appears to improve quality of care or equity of provision, while the longer-term effects are damaging and the costs are unacceptably high. There is evidence from international research that private provision of services tends to skew their benefit towards higher-income groups, while cuts to public spending, which often accompany privatisation, have been found to exacerbate economic inequality in rich and poor countries, and to damage public services that could otherwise prevent a downward spiral towards more poverty and inequality.[102]

For a new social settlement, better ways must be found to improve the quality of public services and safeguard their capacity to narrow inequalities. An important step is to abandon market-based solutions. This applies to all public services and perhaps most urgently to the NHS, where reforms are driving strongly towards markets and more private ownership. To reverse the trend it will be important to repeal the sections of the 2012 Health and Social Care Act that promote open competition between providers, and to keep the NHS out of the Transatlantic Trade and Investment Partnership (TTIP) agreement due for completion in 2015. Failure to exclude the NHS and other public services from the TTIP would expose future governments trying to bring privatised services back into the public realm to heavy financial penalties, through international arbitration beyond the control of domestic law.[103]

An alternative approach

NEF has set out proposals for transforming public services,[104] which acknowledge the limitations of the post-war model of direct service provision, as well as the substantial dangers of market-led reforms. An alternative approach would eliminate the role of profit-seeking organisations in public service delivery. Instead, it would seek to devolve power and control over services, following the principle of subsidiarity; to increase public engagement in decisions at all levels; and to encourage participatory models of governance and new models of ownership, within both the public realm and the not-for-profit independent sector. This approach recognises and supports the interdependence of the state, the community and voluntary sector, and the core economy, while each has a distinctive role to play.

In line with the objectives of a new social settlement, services should give priority to preventing harm and should be treated as an investment in social and economic infrastructure, not simply as public expenditure. There is a strong case for investing more public funds in services, rather than pursuing a relentless programme of public spending cuts. Good services will yield dividends in terms of higher wellbeing, a more secure and resilient population, and lower demand for curative services in the longer term.

We propose that co-production becomes the default model for planning and delivering public services, alongside other techniques that engage citizens directly, such as participatory budgeting, online participation tools, and crowd-sourcing dialogue and decision-making.

Local councils and other public bodies, as well as non-state organisations involved in public service delivery, should adopt more open and democratic forms of management and control. Examples include multistakeholder governance, where staff and citizens have their own representatives on governing bodies; flatter hierarchies and pay ratios; and management systems based on equal respect, trust, collaboration, and knowledge-sharing between different levels of the organisation. In the same spirit, there should be a wider variety of ownership models among service providers, to include co-operatives and mutuals alongside conventional charities and community-based organisations. Co-operative and mutual forms of ownership can also be adapted for local authorities and other public bodies, provided these help to extend participation and control to citizens, as well as to staff.

A key to success is to establish collaborative partnerships between public and civil society organisations. We are proposing a more open, expansive, and inclusive range of non-profit bodies involved in public services. This should help to generate new ideas and practical innovations, as well as a wider distribution of power and access to services. But there are risks involved in shifting service provision from the state to civil society organisations, as we have noted.[105] The state has a unique role to play in managing those risks, by providing funds from the public purse, by ensuring a more equal distribution of services, by fostering inclusive participation, by supporting good practice, and by holding providers accountable for delivering high-quality, equitable services. Once relationships cease to be driven by competition and profit-seeking, it should be possible to establish high-trust, collaborative relationships between public agencies and non-profit organisations in civil society. Our proposals for commissioning, outlined earlier, provide a useful vehicle for developing this kind of partnership.

Reviving and strengthening public services along these lines will be an essential part of a new social settlement. High-quality public services will help to prevent problems occurring or intensifying and avoid expenditure on costly curative services in the longer term. They are not a substitute for money transfers, but they can help to diminish the need for income support by meeting day-to-day needs that would otherwise have to be paid for directly by individuals. Public services can usually meet needs more effectively, in terms of quality and scale, and more efficiently in economic terms than services that are purchased privately. They not only help to create more equal life chances, they represent a vital source of security for everyone – across the social spectrum. As research by John Hills demonstrates, 'there is no "them and us" – just us, and we all stand to lose out from the current misconceptions driving the welfare policy debate.'[106]

A more rounded, inclusive, and democratic benefits system

Money transfers help people avoid financial hardship during transitions such as moving from education to employment, becoming a parent, becoming unemployed, changing physical or mental health, and entering later years. Payments, usually known as 'benefits', guard against insecurities relating to the labour market, the cost of living, and personal health. As with public services, they are a source of security for everyone, not just the poor. Over their life course, almost everyone will claim benefits of some kind; around half the population has been part of a family receiving benefits within the last 18 years.[107]

In the UK, social security benefits compete with the NHS for position as the most politically charged aspect of the welfare state. Benefits are talked about as though they are an economic and social drain. In fact, an effective social security system can have positive effects for society as a whole, including security against risks and in transitions for everyone, not just those who can afford private insurance; and greater equality of opportunity to contribute to society and fulfil personal potential. Like public services, social security benefits are a way of pooling and distributing resources to prevent problems that befall individuals from having catastrophic consequences, not just for those individuals, but for society as a whole. Security for all is better for everyone.[108]

Few of these potential benefits are currently being realised. In fact, the system as it stands tends to individualise risks; it offers inadequate benefits; it takes a low-trust, punitive approach to claimants; it fetishises paid work and ignores the valuable unpaid work that goes on in the core economy. Overall, its effects are disempowering for those claiming benefits and divisive for society as a whole. It makes people feel insecure.

NEF has developed proposals for changing the benefits system.[109] Rather than focus on recalibrating conditions for claiming, levels of payment, and methods of paying, (which others are better placed to address), we focus on the purpose and culture of the system and on changes that will help it to serve the goals of a new social settlement.

For a start, benefits for job seekers should go hand in hand with measures to create good jobs that are widely accessible. More attention should be paid to the potential (or otherwise) for preventing harm, and to safeguarding upstream measures, such as Child Benefit, which do not depend on having a problem that needs fixing. Jobcentre activities and conditions should take account of people's whole lives, not just their relationship to the labour market, so that unpaid activities in the core economy are valued, rather than treated as barriers to employment. People providing informal care to relatives should be better supported to do so, through a more generous carer's allowance that takes account of the value which unpaid carers contribute to society, and through in-kind support, as more people choose to take on informal caring roles.

Too often, Jobcentres are seen as a problem for job seekers, rather than a help. They should become more collaborative institutions, rooted in the local area and providing meaningful support that people want to use. Co-production is good at valuing what people have to offer when they engage with professionals, and at building mutually respectful partnerships and networks. If claimants and staff worked together, following the principles of co-production, they could begin to transform Jobcentres into dynamic hubs for exchanging skills, connecting people, and accessing opportunities. A time-banking model could help to make better use of the 850,000 hours a month people spend in Jobcentres across the country.[110]

It is also worth exploring ways of engaging more people in decisions about benefits, using participatory techniques to address questions about levels of payment, conditions, and forms of employment support. For example, local people's panels, involving current benefit recipients and other residents, could assess whether benefit conditions are fair and appropriate, and help to link Jobcentres with other local resources. These local bodies could contribute evidence to a national forum, which would use participatory methods to review benefit rates and advise government on changes. If a wide range of citizens could consider the evidence about needs and resources, and hear first-hand about the experiences of people receiving benefits, this could help to counteract negative attitudes to claimants and build a shared sense of investment in the benefits system, which – as we have noted – most of us need at some time in our lives. A summary of our proposals is set out Table 5.

Table 5: Changing the social security benefits system

Component	Policy priority
Create the conditions for security	Tackle inequality across the board – with affordable childcare, fairer pay and investment in well-designed new jobs
Invest in upstream benefits	Strenghten access to benefits which intervene before harm occurs such as Child Benefit and support for staying in education and progressing in work
Inclusive participation	Support paid and unpaid labour through social security and in Jobcentre arrangements
Tackle labour market in the round	Ensure the right sorts of employment are actually available, through investment in 'good jobs'
Co-produced support	Transform Jobcentres so they are more transparent institutions, rooted in the local area and providing meaningful support that people want to access
Democratic dialogue and decision-making	Give people more direct say in social security policy – at the level of Jobcentres, regions and nationally

No silver bullet: a note on basic income

Several groups, including the Green Party and the Common Weal movement in Scotland, propose a basic or citizen's income as the foundation of a new social security system. A basic income would be an unconditional payment made to every individual. In theory, a basic income would create rights-based social security, altering the logic of the system and ascribing a different meaning to benefits by providing them as a right for all. It could support unpaid activities: with a guaranteed income, more people could feel able to spend more time on unpaid activities, such as care and local collaboration, making a contribution to the core economy. By guaranteeing a minimum income, it could help tackle the withdrawal effect of losing unemployment-related benefits (however incrementally) when starting a job.[111] It entails no official enquiries into a person's activities, household arrangements, or level of wealth, compared with present-day means-tested benefits.

However, the idea has weaknesses. Most important, all citizen income schemes are either inadequate or unaffordable. A full citizen's income providing every person with an adequate income at least at current levels would cost a huge fraction of national income. This is recognised by all its advocates: for example, the Citizen's Income Trust has 'ruled out the possibility of a full citizen's income for everyone as being far too expensive'.[112] All existing proposals envisage a partial income well below the poverty line (at which level advocates claim that costs can be covered by withdrawing almost all other benefits and tax relief.) Thus, a range of other, selective benefits will be required to bring income levels even up to the current minimum standards (in addition to housing benefit and additional disability benefits). This entirely undermines the alleged simplicity of the basic income, reintroducing many of the eligibility criteria and entitlement terms that the proposal seeks to do away with. It will only change the income base on which selective benefits will sit.

It is an individualised measure, not a collective one, focusing resources on providing everyone with an income at all times rather than on pooled risk-sharing mechanisms which provide help for everyone when they need it. This may reduce people's capacity to act together, by encouraging them to provide for themselves with their income rather than promoting social solidarity, collectively funded services, and shared solutions. And, even if it were a minimal payment, it would claim and divert resources from other public goods, such as education and healthcare, and investment in green infrastructure and eco-maintenance.

The idea is often presented as a wholesale solution to a range of social problems. But there is no such silver bullet. The complex underlying causes of inequalities, ill-health, social conflict, unequal access to the labour market, and non-financial barriers to social participation require upstream systemic changes, rather than a single intervention.

Introducing a basic or citizen's income would be a huge political challenge: so much would depend on how it was designed and implemented, and on how far it was synchronised with other reforms, such as better support for disabled people and carers, affordable rents, and a more inclusive labour market. There may be potential to build on the model of community currencies[113] to create a basic entitlement for everyone to have a basic level of local purchasing power, but this idea is only beginning to be explored. Meanwhile, the weaknesses of the citizen's income idea considerably outweigh its strengths.

Table 6: Strengthening social security: summary of links between proposals and objectives

	OBJECTIVES			
PROPOSAL	**Plan for prosperity without growth**	**Prevent harm**	**Nurture the core economy**	**Foster solidarity**
More diverse, open and collaborative public services	Focuses on investment in public good, and on improving the quality, range and diversity of services, not on more and bigger tax-funded services	Gives priority to moving investment and action upstream to prevent harm, and to create security for all	Values human and social resources as well as professional expertise and promotes co-production	Promotes shared ownership and control, and creative collaboration between public agencies and NGOs
A more rounded, inclusive, democratic benefits system	Values people in the round, not just as units of production	Recognises and promotes preventative capacity of benefits	Recognises and values people's unpaid contributions to society	Promotes inclusive participation, co-production in job centres, and democratic decision-making

Proposal 4: Plan for a sustainable future

The interdependence of society and the environment is central to our case for a new social settlement, as already discussed. It follows that environmental and social policies must be developed in concert, so that they reinforce each other as far as possible. It is beyond our scope to develop detailed proposals for optimising the social impacts of environmental policies, or the environmental impacts of social policies – but these must be well understood and used to inform policy-making. We focus here on promoting eco-social policies, where social and environmental measures are mutually reinforcing; on offsetting regressive effects of pro-environmental measures; on improving the impact of major institutions of the welfare state on the environment; and on providing mechanisms for future-proofing policies.

Promoting eco-social policies

There is a strong case for promoting, as part of a new social settlement, specific policies that help to promote *both* social justice *and* environmental sustainability, at the same time. This can make good use of public resources by achieving multiple and mutually reinforcing benefits. By way of illustration, we offer examples that are already underway in some places and forms, which could be applied much more widely. We set out briefly potential advantages and problems, and suggest action that may help to increase their positive impacts.

Promote active travel: more walking and cycling

- *Advantages.* Physical exercise in the open air brings positive benefits to physical and mental health. Walking and cycling are free or low-cost forms of travel, so they can help to reduce living costs. They produce zero or minimal carbon emissions. As more people travel by foot or bicycle, this can reduce the volume of motorised transport, improve air quality, and help to make neighbourhoods more congenial and secure.

- *Problems and action required.* Pedestrians in poor neighbourhoods tend to be more vulnerable to injuries caused by traffic, or to suffer from air pollution; many feel insecure walking or cycling alone, especially at night. Measures to promote active travel must ensure conditions are safe and positively encouraging, especially for those in poor neighbourhoods.

Increase access to green spaces

- *Advantages.* Access to gardens, parks, verdant playgrounds, and open countryside has positive impacts on mental and emotional wellbeing.[114] Physical exercise in green spaces, such as gardening, rambling, and green gyms, has positive impacts on physical health. Activities in green spaces often (though not inevitably) produce little or no GHG emissions. Spending time in and around green spaces can encourage people to appreciate – and want to safeguard – the natural environment.

- *Problems and action required.* In towns and cities, green spaces tend to be more plentiful in, or nearer to, better-off neighbourhoods. In disadvantaged areas, parks and other green spaces are often considered unsafe, especially for children and women. It can be harder for disabled people to gain access to green spaces. Measures to promote access to green spaces must ensure they are inviting, accessible, and safe, especially for those in disadvantaged areas, for children and women, and for disabled people.

More food produced and consumed locally

- *Advantages.* Fresh, seasonal food, produced and consumed near to home, may be more nutritious and less energy intensive than processed food or ingredients transported over long distances. It can keep money circulating within local economies, helping to create and maintain local employment. Learning how to produce food and prepare it for eating can raise awareness about the value of land, water, crops, livestock and weather systems, and about the pros and cons of different agricultural methods – all of which helps to create favourable conditions for pro-environmental policy and practice.

- *Problems and action required.* People who live in towns and cities are less likely to be involved in local food production. Farmers' markets are increasingly popular, but more so in middle-class neighbourhoods. Locally produced food can be more expensive than imported food; it is not always more sustainable than food from other sources. There are strong vested interests in retailing and agri-business that are ranged against people who want to have more control over the provenance and quality of the food they eat. Many local councils are selling off allotments and other land as a way of dealing with shrinking budgets. Institutional structures currently inhibit systemic planning for food, agriculture, health, and the environment. Too often, departments of health, environment, agriculture, and trade take partial perspectives. Measures to encourage local food production should ideally be locally controlled and strong enough to counteract the influence of big business in the food sector. Relevant government departments should work together, with shared policy frameworks.[115] NEF has set out more detailed arguments for a sustainable food system, drawing on lessons from other European countries and showing the wider social and economic benefits.[116]

Making homes more energy efficient

- *Advantages.* Programmes to retrofit existing housing stock and to build new homes that are energy-efficient can bring multiple benefits. By training and using local labour, they can create new jobs with transferrable skills. By using renewable materials, they can reduce the impact on natural resources. By making homes more energy efficient, through insulating walls and roofs and installing solar and PVC panels, they can reduce domestic energy bills – as well as the stress and anxiety associated with high living costs in low-income households. A combination of ventilation and renewable energy can help to maintain good health by keeping people cool in summer and warm in winter. The benefits of this approach are widely recognised and have been encouraged by a sequence of (albeit inadequate) government programmes.

- *Problem and action required.* There has not (yet) been the level of investment needed to transform the nation's housing stock or to bring domestic energy consumption down to sustainable levels. What is needed urgently is action by government, nationally and locally, to bring all UK homes up to maximum energy efficiency.

Collaborative consumption through community-based initiatives

- *Advantages.* This includes a wide range of activities and organisations that enable people to share, rather than buying things just for themselves. It includes food co-ops, as distinct from food banks; car clubs; centres for repairing and recycling discarded and broken goods; schemes for sharing and exchanging machinery and household equipment to avoid multiple purchasing; community cafés and restaurants run by and for local people; childcare co-ops; intergenerational mutual aid ventures, where younger and older people learn from and help each other – and much more. By strengthening local networks, building confidence, social solidarity and local capabilities, and by helping to reduce living costs, these can have many positive impacts on health and wellbeing. By reducing consumption and energy use, they can have a positive impact on the environment.

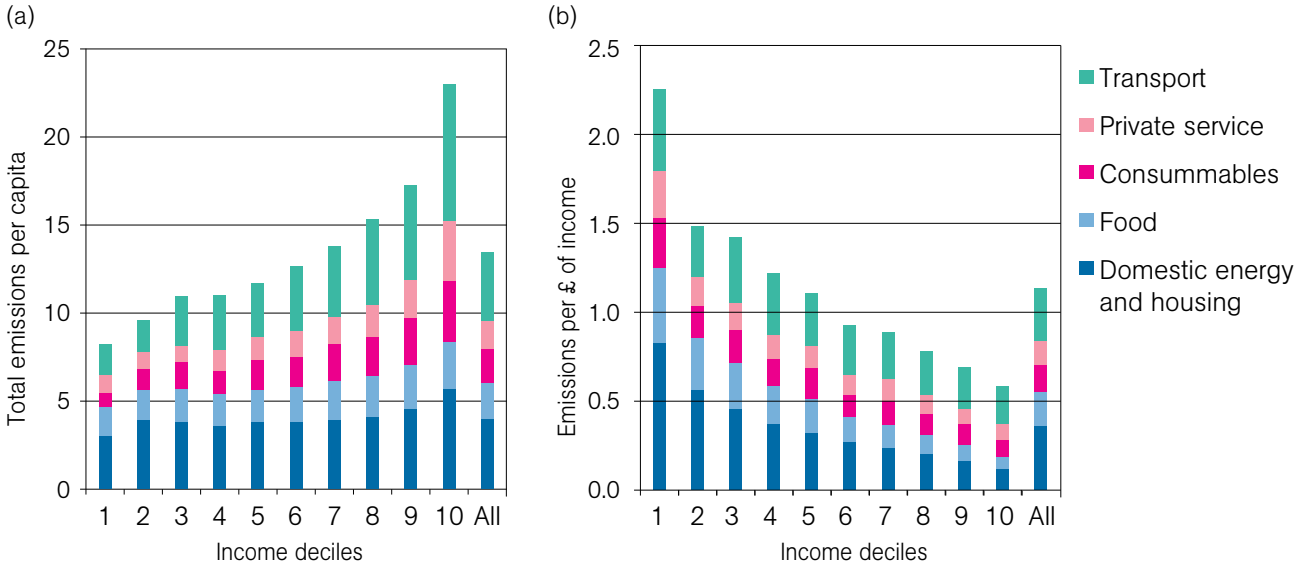
- *Problems and action required.* Initiatives of this kind are on the increase, but many struggle to find and keep premises they can afford, to extend their reach, or to keep going over time. Local authorities could do more to support them by making premises available, providing training and help with back-up functions such as accounting, by spreading information and, more broadly, by helping to generate a congenial atmosphere and encouraging conditions. Some initially collaborative ventures have become profit-generating giants (Airbnb is one example)[117]: this suggests a need for more thoughtful regulation at national level, to safeguard the spirit of the sharing economy.

Offset regressive effects of pro-environmental measures

Measures to reduce GHG emissions will inevitably include higher prices of carbon, whether by taxation or other means. But this immediately raises another issue for social policy: higher carbon prices are regressive; they bear more heavily on lower income households.

As Figure 5 (a) shows, emissions increase by income, especially emissions from transport, private services, and consumables.[118] However, as Figure 5 (b) shows, low-income households spend a far larger *portion* of their total income on direct and indirect energy use. This is because the major necessary items – household energy and food – are more GHG-intensive per pound of expenditure. If, as at present in the UK, the meagre energy-saving measures such as the Energy Companies Obligation (ECO)[119] are financed by higher energy charges, this is doubly regressive. So some means must be found of reducing carbon while at the same time reducing inequality.

Figure 5 (a) and (b): Total emissions by income group and by emission per £, UK 2006[120]



One way to do this for household energy is by varying energy prices. Reverse block tariffs would charge households less for a certain amount of gas and electricity and then more, perhaps progressively more, for subsequent amounts. This would help prevent fuel poverty and discourage excessive energy use among higher-income households. It would, of course, mean regulating the energy market.

However, the most sustainable and equitable route is via retrofitting homes to achieve radically improved energy efficiency standards, as already noted. This would require substantial public investment, low-interest loans, and integrated local planning and implementation, as proposed by the Green New Deal.[121]

Options for reducing other consumption-based emissions include a progressive tax on luxury goods, carbon rationing and trading, and, as already noted, reduced working hours. Each is found to have progressive potential, although only in optimal conditions. Most products consumed in the UK are made overseas. This means not only that emissions from UK-based consumption are effectively exported to developing countries, but also that domestic policies to reduce energy-intensive consumption will impact on the wellbeing of producers in (mainly) poor countries. It has been persuasively argued that there is 'an ethical and political case for monitoring and targeting the total consumption-based emissions of rich countries like the UK' and developing 'integrated eco-social programmes' to reduce them.[122] Improving sustainability should not exacerbate inqualities in access to fuel or food; necessary emissions should have priority over 'luxury' emissions. Need theory, briefly described earlier is useful in distinguishing the two.

Change practice through public institutions

Public institutions, including all those associated with the welfare state, such as children's centres, schools, colleges, healthcare centres, hospitals, job centres, and town halls, can play an important part in achieving the goals of a new social settlement. All of them can do more to understand their impact on the natural environment, to reduce their ecological footprint, and to encourage behaviours that promote social justice and environmental sustainability by their own staff and by people who use their services. Buildings can be constructed with renewable materials and local labour; institutions can reduce their environmental footprint through energy efficiency, active travel programmes, waste reduction, and more ecological use of land and water. They can lead by example through their own practice, use their commissioning and purchasing power to ensure that their contractors to do the same, and they can raise awareness, and encourage staff and service users to change attitudes and behaviour.

All this requires not just a declaration of strategy, but a systemic approach and strong, sustained commitment. On the health front, the NHS Sustainable Development Unit, jointly sponsored by NHS England and Public Health England, has produced an integrated strategy which is a useful model for this approach.[123] It sets out a vision for a 'sustainable health and care system [that] works within the available environmental and social resources protecting and improving health now and for future generations'. It explains that this means 'working to reduce carbon emissions, minimising waste and pollution, making the best use of scarce resources, building resilience to a changing climate and nurturing community strengths and assets.' It locates responsibilities, identifies drivers for change, and sets out a 'route map' for achieving its goals.[124] It aims to reach a point 'where sustainability has become totally routine, culturally embedded, and self-regulating' and to achieve this through a series of transitions set out in Figure 6.

In the education field, 'Sustainable Schools' sets out a framework for driving school improvement through sustainable development. This integrates work through 'curriculum, campus, and community' and identifies 'doorways' for changing practice.[125]

Figure 6: Transitions required for creating a sustainable health and care system

From	To
health and social care as institution-led services based on needs	community-focused health and social care based on needs and assets
a predominantly medicalised approach	a more holistic approach that empowers individuals and communities
a focus on sickness	a focus on being well
professional centred	person centred
isolated and segregated	integrated and in partnership
buildings	healing environments
decision-making based on today's finances alone	decision-making that also accounts for current and future impacts on society and nature
single indicators and historical measurements	multiple balanced scorecard information in real time
sustainability as an add-on	integration in culture, practice and training
waste and overuse of all resources	a balanced use of resources where waste becomes a resource
nobody's business	everybody's business

Provide mechanisms for future-proofing policies

Our proposals for a new social settlement are based on the premise that society and environment are profoundly interdependent, and efforts to meet the needs of present generations must not compromise the capacity of future generations to meet their own needs. There is, however, a serious gap in the capacity of government (with the NHS SDU being a possible exception) to anticipate the future impacts of policies or to shape them proactively in favour of sustainable development and intergenerational equity.

There are lively philosophical, legal, economic, and political debates about the merits or otherwise of promoting measures to advance intergenerational equity. These are explored in a paper prepared by NEF for the World Health Organization, which examines potential conflicts of interest and processes for addressing them. For example, it makes the case for addressing methods of discounting (the economist's tool for comparing costs and benefits at different points in time) to acknowledge that the profound uncertainties associated with climate change and its potentially catastrophic consequences push economic analysis to its limits and bring ethical questions into sharp relief. It proposes development of legal rights and duties, through such mechanisms as courts, ombudsmen, and guardians, to assert and defend the rights of future generations. And it calls for more and better use of deliberative dialogue,

in view of the limits of markets and judicial processes, for considering how current actions affect future generations and weighing up the relative merits of current and future claims to fair treatment.[126]

Several judgements by the International Court of Justice have acknowledged that present generations should safeguard the interests of future generations. For example, it has endorsed the need for 'rules and attitudes based upon a concept of an equitable sharing which [is] both horizontal in regard to the present generation and vertical for the benefit of generations yet to come'.[127] To realise this approach in policy-making at national level will require a dedicated mechanism – a public institution or constitutional process that will future-proof policies for future generations. Examples include:

- *Constitutional safeguards* that recognise the need to safeguard rights of future generations. For example, Norway's constitution declares: 'Every person has a right to an environment that is conducive to health and to a natural environment whose productivity and diversity are maintained. Natural resources should be managed on the basis of comprehensive long-term considerations whereby this right will be safeguarded for future generations as well.'[128] Japan and Bolivia have similar constitutional safeguards.

- *The UK Sustainable Development Commission,* established in 2000 as a non-departmental public body with up to 20 expert commissioners appointed by the Prime Minister. Until abolished by the Coalition government in 2010, its role was to advise, build capacity, and scrutinise the decisions and actions of the four governments of the United Kingdom. It played a key role in building consensus about the meaning of sustainable development and in developing the UK government's sustainable development strategy, *Securing the Future*, published in 2005.[129] Although it was not explicitly or exclusively charged with defending the interests of future generations, this was strongly implicit in its overarching responsibility for sustainable development.

- *Alternative models* include Finland's Committee for the Future, one of the Finnish parliament's 16 standing committees, whose task is 'to conduct an active and initiative-generating dialogue with the Government on major future problems and means of solving them';[130] and Hungary's Parliamentary Commissioner for Future Generations, established in 2007, whose task is 'to ensure the protection of the fundamental right to [a] healthy environment'.[131, 132] (This is not to endorse the actual impact of these models, but simply to indicate experience in other countries from which lessons can be learned.)

In practical terms, it will be impossible to address the underlying causes of inequality without tackling the transmission of risks between generations and this is bound to extend to transmission between present and future generations. In addition, the potentially catastrophic nature of environmental threats to human wellbeing makes it imperative to place intergenerational equity at the heart of a settlement that aims to achieve sustainable social justice. Both points strongly support the case for creating a formal mechanism for future-proofing policy, to underpin a new social settlement.

Table 7: Planning for a sustainable future: summary of links between proposals and objectives

	OBJECTIVES			
PROPOSAL	**Plan for prosperity without growth**	**Prevent harm**	**Nurture the core economy**	**Foster solidarity**
Promote eco-social policies	Fosters a systemic approach which gets more benefit for less expenditure	Aims to prevent social and environmental harm through mutually reinforcing policies	Promotes local, collective initiatives, including voluntary action	Promotes collaborative consumption and reciprocal exchange
Off-set regressive effects of cutting emissions	Builds wider support for environmental sustainability	Prevents policies resulting in more poverty and greater inequality	Favours low-carbon consumption and uncommodified activities	A strong expression of shared responsibility and mutual benefit
Change practice through public institutions	As for eco-social policies – with public bodies leading by example	Aims to prevent needs and costs arising by fostering sustainable practices	Promotes a shift towards asset-based development	Focus on public engagement
Future-proof policies	Focuses on long-term planning for meeting needs, rather than on economic growth	Aims to prevent harm to future generations	Can facilitate a systemic approach to policy-making that takes account of the core economy	Supports solidarity between generations, present and future

Conclusion

We have set out the goals and objectives of a new social settlement, with some proposals for realising them in practice. We are not offering a definitive blueprint or policy plan, but ideas for a much needed shift in direction, highlighting ideas and issues that have been overlooked or marginalised in mainstream debates. There are big gaps: for example, we haven't dealt with education, housing, pensions, taxation, or access to finance. But we hope we have contributed a useful framework for developing policy and practice in these and other areas.

We have shown how our proposals link to the objectives of a new social settlement, and how the objectives help to achieve the goals. We have highlighted the need for a systemic approach, tracing the links between society, the environment, and the economy, and how they interact. We have found it useful to distinguish between needs and wants or preferences, when considering conflicts of interests. And we have paid attention to the role of ideology and narrative in building an alternative vision. Here we set out a brief summary of our goals, objectives and proposals.

Goals

- Social justice
- Environmental sustainability
- A more equal distribution of power

Objectives

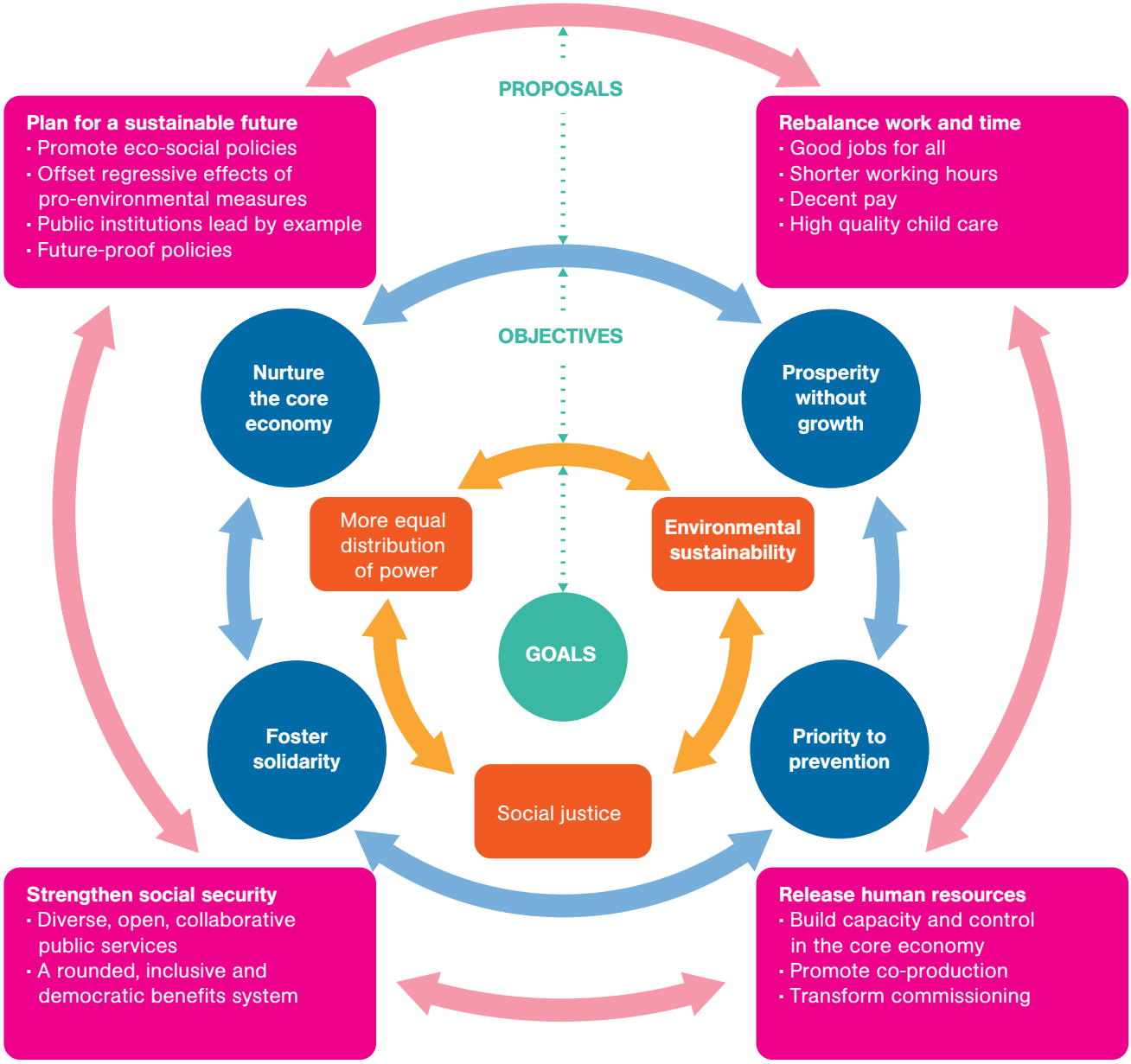
- Plan for prosperity without economic growth
- Shift investment and action upstream to prevent harm
- Nurture the core economy
- Foster solidarity

Proposals

- *Rebalance work and time*
  - Secure, satisfying, and sustainable work for all
  - Shorter and more flexible hours of paid work
  - Decent hourly rates of pay
  - Universal, high-quality childcare
- *Release human resources*
  - Build capacity and control in the core economy
  - Promote co-production
  - Commission services for outcomes and co-production
- *Strengthen social security*
  - More diverse, open, and collaborative public services
  - A more rounded, inclusive, and democratic benefits system
- *Plan for a sustainable future*
  - Develop eco-social policies that promote both social justice and environmental sustainability
  - Offset the regressive effects of pro-environmental measures
  - Change practice through public institutions
  - Create mechanisms for future-proofing policies

Our aim is to get people thinking afresh, talking to each other, and envisaging a different kind of future from the one we are heading for today. Figure 7 illustrates how the goals, objectives, and proposals fit together and reinforce each other.

Figure 7. Goals, objectives, and proposals.



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