Whose economy? Reframing the debate

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It is often argued that the United Kingdom economy is in a mess, a mess from which it must be rescued. We agree.

However, in the Kilburn Manifesto we want to take issue with the way in which, in most political debate, this situation is usually understood.

First of all, the woes of the UK economy do not result from the recent crisis (which was more of a symptom), nor from the austerity-driven response to that crisis (which is a political means of furthering a longer-term dynamic). Neither – and this is more rarely said – do they result solely from the decades of neoliberalism immediately preceding the crisis. Rather, as we argued in the Manifesto Framing Statement, those decades themselves can be seen as a particular, and particularly acute, expression of underlying characteristics and deeper causes that have been with us for a long period of Britain's economic history as a former imperial power.

The Framing Statement sketched out the longer historical and geographically globalising trajectory of capitalism within which the current moment in the UK might be understood. In this instalment of the Manifesto, while bearing this bigger history in mind, we want to focus in on peculiarly British characteristics. There are, of course, many of these, and they are much debated. But here, in an effort to understand the current moment, we pull out two.

First there is the long dominance, changing its form over the centuries but remaining remarkably persistent, of financial interests. These are interests which, from the very beginnings of Empire through to the financially-dominated globalisation of today, have been thoroughly international, with a shifting but often semi-detached relation to the economy situated within the shores of the UK itself.

Second there is the significance of landed property. At least since 'the enclosures' and the clearances, the elite ownership of vast parts of the country, and the associated power of the landed interest, has been a notable feature of British political economy.

Both these sets of interests are utterly embedded in the British class structure and the shape of the British economy. They constitute an elite class power related to finance/circulation and to land and property that has waxed and waned, sometimes been challenged, and over time has changed its form. (One thinks of the long dominance of the Treasury, and of the quick suppression of Wilson's Department of Economic Affairs; the period of manufacturing pre-eminence now 'hollowed out', and the manual working class that went with it, now on the wane and subject to systematic attack.) But it has persisted.

Neither of these interests is centrally about production. They are about money and land, neither of them a product of human labour. They are about the holding of assets and the relations of exchange. The victory of neoliberalism (here as an economic philosophy) out of the ashes of the post-war social-democratic settlement thus fitted perfectly with their interests and their modes of calculation.

The current particular articulation of those interests has bequeathed to us today an economy, and a broader polity, with a very particular shape. Most evidently, it is dominated by the City and the array of sectors surrounding finance; by a more widespread financialised way of thinking; and by the incorporation of much of the population, both materially and imaginatively, into those structures and discourses. The City seized its moment in the 1980s. With the decline of the old social settlement, and the deregulation of currencies and the movement of capital, alongside the transformative possibilities of new technologies, the City reinvented itself, internationalised itself internally, and asserted its presence as a global financial hub. It became a leading initiator, protagonist and disseminator of neoliberalism (privatisation, deregulation, financialisation); and put itself forward as the centre of a new financial imperialism. Its implication in the often highly regressive effects of this system around the world should be a major concern for the left within the UK (see our forthcoming instalment on 'The Global'). Here, however, we shall focus on the effects within the UK.

Closely linked to this dominance of financial interests, and the wider speculative and rent-seeking nature of the current system, trading in land and property (including home-ownership) has become a central motor of the economy, which is now running along without a sufficient basis in production, often fuelled by excessive credit. In spite of the famed immobility of land, this trade too is now bound into globalised structures. It is not xenophobic to point out that the urban and rural landscape that is so often at the heart of the iconography of national identity – and which ordinary Brits have for long owned very little of – is now increasingly owned from abroad. Foreign investors buy up farmland, further fuelling house-price rises through encouraging the unproductive behaviour of 'house builders' (see below); and they buy up residential properties in London, thus exacerbating a process, already initiated by bankers in the City, whereby the capital city has become unliveable for people on ordinary incomes. It is in this guise that the long problem of land-ownership in Britain is articulated in the current moment.

The 'mess' we are said to be in is thus deeper, and of longer duration, than is usually assumed.

But we also have a second reservation about the popular formulation. In what sense is this a mess? For whom is it dysfunctional? There are clearly violent instabilities and looming imbalances, both in the UK and globally, but certain groups are doing very well indeed out of this arrangement, as the ever-more yawning inequalities, and the growth of super-rich strata, both here and around the world, clearly demonstrate. As we argued in the Framing Statement, the *aim* of the rise of neoliberalism was an active undermining of the economic and political gains made by ordinary people during the post-war social-democratic settlement. Its whole point was to engineer a class rebalancing. From this point of view it has succeeded. And the predictable crisis of its model has now become grist to its mill: it is being used as a pretext for further restructuring and redistribution.

(For those of us who grew up during that social-democratic period, the effect on our implicit if not explicit historical imaginations is shattering. Those social-democratic decades, now – as the present-day, market-driven common sense closes around them to form them as 'the past' – begin to seem like an exceptional interlude. Most of us imagined them at the time to be part of a longer progress towards a more egalitarian and democratic future.)

What is 'the economy' and what is it for?

Given the above analysis, further questions and reconceptualisations are put on the table. We need to air, politically, some basic – and rarely asked – questions, like: 'what *is* the economy?'; 'what is it for?'.

Neoliberalism represents the market economy as virtually coterminous with society itself, as determining its entire system of values. We challenge this conception. We see the economy as only one element in a wider process of social reproduction; it is merely one of the means through which society takes its shape. The economy should be seen as a means to the fulfilment of broader human ends, not as an end in itself. This does not mean that that there are not technical questions about how best to organise the economy, but there are a number of broader questions that are hardly ever addressed.

As has been argued in earlier instalments of the Manifesto, the economic elements of society are intimately bound up with its prevailing common sense and political discourse. 'Economics' is not simply a technical matter, beyond politics. And for the same reason economic policy must be about more than economics. Thus 'economic policy' is – and should be explicitly – more than just a set of individual policies addressing disparate issues. Each 'policy' is an expression of a wider narrative, an underlying political philosophy – and the interests and values which they implicitly articulate.

The underlying politics of existing – neoliberal – economic policies have been widely analysed, here in the Kilburn Manifesto, in *Soundings* and elsewhere. We need also to set out an alternative. What would 'our' economy be *for*? What do we want it to provide? And how would it relate to the wider reproduction of society?

We might perhaps start with the idea that the economy should contribute to the enabling of decent lives, and the flourishing of human potential for all, and in a way that is sustainable. We might add that there needs to be a commitment to a measure of equality, to the idea that all should share in social well-being and be entitled to equal dignity and respect. Even something as general as this might provoke debate among us. That is fine. The point is to generate discussion on the economy at a more political and social level.

It is certainly evident that the currently dominant economic philosophy, and the economic model and policies that the Coalition Conservatives and Liberal Democrats have drawn from it, utterly fail even in these more general aims – they are indeed *not* its aims. But we want to stress that, while this is especially the case for the post-crisis politics of austerity, and whatever 'recovery' from it may now be taking place, this failure to align the economy with broader human purposes long precedes the present moment. As we have argued throughout the Kilburn Manifesto, neoliberalism has been seeking for a long time to subvert the commitments to social entitlements and social justice that were embodied, however imperfectly, in the post-war settlement, and which had been had the goal of several preceding generations.

Indeed the nature of the current 'recovery' (consumption-led, asset-based, in housing especially, and confined to the already comfortably-off in London and the South East of England) makes one thing abundantly clear: that our current way of judging economic success, including both the idea of growth and our current ways of measuring it, is correlated to only a very limited degree with general well-being; and that 'growth' itself may have many perverse consequences – intended or otherwise –that undermine and damage well-being. Even given equivalent rates of macro-economic growth, different approaches to its gestation and regulation will lead to very different outcomes for society, as we can see by comparing different national and historical instances. 'The economic' is thus utterly political.[1] But we have to ask: where is the political courage now even to raise these questions, or to call into question the reduction of political debate to the single dimension of the annual rate of economic growth?

The current conjuncture: living with financialisation

Costas Lapavitsas has described three main ways in which financialisation has manifested itself in the neoliberal economy.[2] Firstly, banks themselves have switched to seeking profit through financial trading rather than through outright borrowing and lending. Secondly, non-financial enterprises have become increasingly involved in financial processes. And thirdly, financial institutions are making increasing levels of profit from individuals and households. People are now relying on the financial system for access to vital goods and services, including housing, education, health and transport; while their savings are also increasingly mobilised by the formal financial system.

All this means that finance and financialisation are at the crux of the present, neoliberal, settlement. It is not simply that the sector is central to the UK economy; there has been a wider financialisation of economy and society. We argue that these structural transformations within the economic sphere have been embedded in a sea-change in the nature of dominant class-relations; and the financial way of thinking and mode of calculation has been naturalised within society more widely, and within political discourse. In short, we are living with a financialised hegemonic common sense. Addressing this must be at the core of any alternative approach to the economy.

This powerful constellation of forces has a number of adverse effects, which we outline below.

There has been a burgeoning of the sphere of circulation at the expense of that of production, and a dominance of trading in already-existing assets rather than the production of new ones. This can be understood as a dominance of value-extraction over value-creation.[3] And, as Andrew Sayer points out, not only is this a source of income that is primarily unearned, but, as it has grown, the very term (and the distinction between earned and unearned) has mysteriously dropped from view![4]

There has been regressive redistribution, leading to increased inequality between rich and poor. As we have argued, this was, of course, the class project behind neoliberalism. But the implications of the current settlement are far more than simply redistributive. The transformation in dominant sources of wealth away from the production of goods and services and emphatically towards rent, interest, dividends and speculation entails a transformation in the nature of economic (class) social relations (as is also argued by Sayer). On the one hand far more people are drawn into these sources of wealth (through home-ownership, pensions, and so forth). On the other, this increased involvement has the effect of feeding the income divide between the majority and the very rich, whose income bears very little relation to the activities of production. All of these shifts significantly change the terrain of economic struggle, complicating it through the growth of compromised middle strata, and distancing and multiplying the prime source of the divide between rich and poor away from the place of work (the 'factory floor' and its many post-industrial equivalents).

A further effect of the dominance of finance has been the ever-more yawning disparity between London-and-the-South-East and the North and West. Given the geographical propensities of finance, the North-South divide cannot be seriously addressed without challenging the dominance of the sector in its current form. Moreover, this widening divide is not solely a result of the concentrated location of finance in a small corner of the country; it also results from the active undermining of the possibilities of growth in other regions *by* that geographical concentration (for instance through the sucking in of professional labour to London and the south-east). The City is not the golden goose for the whole of the country that it claims to be; it's more a cuckoo's egg.[5] This overwhelming concentration of economic growth into one corner also distorts macro-economic policy. And it disrupts the functioning of London itself. City centres around the world have been reoccupied by the victorious elites, but in London this process is especially marked. The fact that the poor cannot live there, indeed that under current policies councils are forced to ship them out, not only traduces all notions of place and belonging – supposedly at the core of conservative values – but makes ever more difficult the social reproduction of the city. Likewise, rising land-prices force out the remains of small manufacturing production (profitable in production terms but unable now to pay for the location), thus denuding the old multifariousness of the capital's economy.[6] The spatial contradictions of this neoliberal regime are tearing the country apart.

The rise of financial capital has also had deleterious effects on the political system. Colin Crouch has shown that democratic institutions have been subverted in recent decades by the corporate exercise of power through party funding, lobbying and control of the media and mass communications.[7] The power of invisible bond-holders has displaced that of democratic electorates in many countries of the world as the main arbiters of economic policy, in a process whose worst effects in Europe can be seen in the south, but whose logic also justifies the commitment to austerity of the British government. What is needed is a major reassertion of the role of democratic institutions and practices in the organisation of the economy.

A further consequence of financialisation has been to exacerbate rampant consumerism, fuelled by, among other things, the comparison-inducing effects of inequality, and the desire of finance to lend to the household sector.[8] Much of this is financed by debt (Crouch's privatised Keynesianism), with its attendant instabilities.

Finally, daily life and discourse is being transformed, including our sense of personal identity and imagination. Our very social relations are being financialised. All the rich particularities of real social relations are being lost beneath their general characterisation in terms of market exchange. This is the modern culmination of a much longer story about the increasing role of money in economy and society, and the conversion of use value into exchange value. Both socialist and traditionalist conservative critiques of capitalism in the last few years have focused on the destruction of values rooted in the particularities of relationships to things and people.

Financialisation has taken this process to a further extreme, as it has overrun previous institutional and cultural barriers to the sway of money-values – those established for example in the post-war welfare settlement, but also in more traditional resistances. This is the other side of its huge enabling potential in the stretching of limited and localised relationships over space and time.[9] 'Finance' chimes with the times – its apparent immateriality, its apparent lightness and disembeddedness, its ease of global flow, its character of pure exchange – and it both draws on and powerfully informs the current common sense.

All this, then, is at the heart of British economy and society at the moment. It is this we are up against.

A case in point: homes and properties

Property and homes are a field in which the linking together of finance, landed property, geography and the production of common sense can clearly be seen.

In the Manifesto instalment 'Vocabularies of the Economy' we wrote of how neoliberalism has transformed our language. We can add in the present context a further example: the way in which houses and homes are now almost universally referred to as 'properties'. This transformation of the notion of a home – together with the dysfunctional nature of the UK housing sector – is both central to, and emblematic of, the reactionary and conflictive nature of the current neoliberal mode.

This can be seen in a number of ways.

Firstly, (differential) rises in house prices are a major contributor to inequality, between owners and non-owners and, among owners, between North and South. Many owner-occupiers in London gain more wealth each year from the (unearned) rise in their house prices than they earn from their employment.

Furthermore, the pressurised race to home-ownership entails both indebtedness and the material involvement of households with the finance sector; and this in turn feeds households' incorporation into financial ways of thinking. And it also further swells the asset-based nature of the UK economy, rather than contributing to its productive base. Moreover properties may be allowed to remain empty for years, in the knowledge that their market value will in any case increase.

The problem is that buildings are seen not as resources which make possible life and activity, but instead as assets which facilitate speculation and accumulation. This kind of logic applies even to housing *production*. This is at a low level, further fuelling price rises. Rather than producing houses, the major 'house builders' have become dealers in land.[10] As James Meek has argued, the focus on making money from land banking and speculating on housing bubbles, rather than building houses, feeds into the preference of banks for property loans:

> An incredible 76 per cent of all bank loans in Britain go to property, and 64 per cent of that to residential mortgages. That is money that could be spent on lending to other, more productive businesses (p16).

This is the current conjuncture in a nutshell: a finance sector speculating in assets, a supposedly productive (non-financial) sector doing the same; prices subject to boom and bust; and within all this the material and imaginative capture of those participating in home-ownership, alongside the implacable exclusion of those who are not.

An outline of an alternative

It follows from our argument that an economy should be a means for fulfilling social goals, and not an end in itself, and that a means of deliberating and determining what such goals should be is essential to democracy. But our political institutions do not currently serve this purpose. Instead, governments define their primary role as that of managers and custodians of the national economy, sometimes even referring to the country and its people as Britain plc. There are two different aspects to the government's definition of this function. One is to facilitate 'economic growth', while leaving the nature and composition of such 'growth' largely to the market and to corporations to determine. The other is to maintain 'economic stability', measured not least by the rate of inflation, by the extent of borrowing and the size of the National Debt. The principal interests which governments seek to protect here are those of the holders of assets. We have seen since the financial crisis of 2007-08, and measures adopted following earlier crises, that where the objectives of growth and stability are believed not to coincide, it is 'stability' which is given priority, even at the cost of economic contraction and large-scale unemployment.

The dominant conception of economic governance, in regard to the objectives of both stability and growth, generally seeks to limit the role of government to the maintenance of 'equilibrium' in what is supposed according to neoliberal economic theory to be an essentially self-regulating system. Thus government, through the Treasury and the Bank of England, monitors such indicators as the balance of payments, the level of government debt, the rate of inflation, and rates of growth in GDP, at an aggregate level; and 'news' of the economy consists largely of reported measures of this kind. On the changing composition of economic activity, its regional and local distribution, and its various component sectors, there is virtual silence, and a large degree of ignorance. Neither government nor the public has an information system available to it which would enable it to track the development of centres of production, and their manifold interconnections, even if they wanted to. Thus forms of planning which are completely essential to the operation of any large corporation, or indeed any other large organisation, have fallen under a neoliberal taboo when it comes to the development of the national economy. So deep has been the capture of society by neoliberal ways of thinking that it is a major task even to imagine an economy and society organised on a different basis, and to envisage how change could be achieved in such a direction.

Yet there are always cracks in the carapace. Hegemony has to be constructed and maintained and is thereby always open to challenge. And most of social reproduction in fact relies on non-financial relations, of trust, care and mutual responsibility. Not only is not absolutely everything captured, but those other feelings still resonate and resist. Elsewhere in the Manifesto we address a range of ways in which this can happen – through contesting vocabularies, cultural struggles around common sense, and appealing to people's desire for richer relations within society. In this instalment, we focus on what might be thought of as specifically 'economic' policies. Here too, however, we emphasise how 'economic policy' is itself – or can be – a part of cultural and ideological contest.

In what follows we offer some key elements of such an alternative, and of a transition towards it. These are given as broad outlines. All of them are elaborated in detail elsewhere in the (vast) literature that exists on potential alternative economic policies. The idea that is put about that the left has no alternative economics is entirely wrong, and is widely disseminated as part of a political attack.

1. Production and the role of the state

The point of departure must be that the sphere of production can no longer be taken for granted as the provider of resources whose distribution the state can then shift in a mildly progressive direction. This implies two aims: to build a productive base for the economy, and to re-think the role of the state within this endeavour.

First of all it is important to recognise that, contrary to apparent neoliberal ideology, the state is intimately and necessarily involved in the private sector. Indeed much of the private sector is utterly dependent, especially in our current economy, on the state and state activity. Many of the most successful modern economies have indeed developed as a consequence of alliances between private enterprises and governments, which, for example, provide the start-up costs for new investments, protect markets from premature competition, and provide markets for new products at crucial stages. The role of the military in supporting such development is familiar, but we could also note in Britain the role of public enterprises like the National Health Service (in regard to the pharmaceutical industry), the BBC (in relation to expertise in broadcasting), universities (in the development of scientific research), and leading professional schools in fields such as art and drama in developing the skills on which the 'creative industries' depend. Government also provides the framework of licences and franchises within which utilities and transport undertakings operate in Britain, thereby effectively limiting the competition to which they are subject, and making their environment predictable enough to encourage some amount of new investment.

Even more significantly, the state is the only agency that can invest, and take risks, in the long term, and it is this committed investment that is often necessary for major technological developments. Mariana Mazzucato has demonstrated that the idea that the private market sector of the economy is the primary source of scientific and technological innovation is largely a fallacy.[11] She has shown that the major scientific and technological innovations on which many of the most dazzling recent corporate successes have been based, even in the neoliberal United States (for example those of Apple, Google and Amazon), have come from government-funded laboratories, and from the later transfer of their discoveries to commercial use. The private sector is usually too averse to risk and uncertainty, she argues, to take on the costs of research and development on which innovative commercial products and services depend.

The interconnections between private corporations and governments in many spheres have become so extensive, but also so hidden from view, that the issue is not *whether* the government should intervene to enhance the workings of the economy, but *how* it should do this, and in particular in whose interests. What is needed is a major reassertion of the role of democratic institutions and practices in the organisation of the economy. Behind the project to build a serious productive sector in the UK economy, then, there must be a state that is creatively interventionist, that is publically recognised to be intervening, and that opens the nature of that intervention to democratic debate.[12]

2. Challenging 'finance'

Central to any rebuilding of the British economy must be a challenge to the character and dominance of the finance sector itself, and to the financialised common sense that it has helped engender. What is needed is a fundamental re-evaluation of the role and functions of the banking sector, such that it can come to serve the needs of the productive economy rather than functioning as a self-serving machine for the capture and sequestration of rents.

There are a number of steps that could be taken to improve the banking sector. These include: effective regulation of reward structures, to remove the gross excess of rewards now given to senior executives, and the misincentives to speculation and gambling which these engender; a tax on financial transactions, to reduce the relative profitability of the circulation of finance capital, compared to its productive long-term investment; bailed-out banks to be retained in public ownership and directed towards productive investment and socially-established objectives; registration of all new financial products; a programme to remutualise financial institutions operating in the housing market; the representation in the governance structure of the major banks of stakeholders who represent wider public interests; the regulation, where possible in agreement with other national governments, of 'offshore' financial operations, ensuring that all institutions operating in the market both meet their obligations to pay taxes and comply with other requirements of law and transparency; a strengthening of the regional presence and local engagement of banks, and the institution of a community reinvestment obligation.[13]

The aim of public-sector banking would in part be to do some of the jobs the current private sector does not do. But it could also be part of an ideological offensive – to challenge the financialised common sense of neoliberalism. The existence of a public presence within the financial system would strengthen the arm of regulation, facilitate genuine competition between providers, and potentially reduce the political influence of private finance. As Costas Lapavitsas has argued, public banks could operate as levers for the re-strengthening of the social and the collective at the expense of the private and the individual across the economy:

> If the public interest was fully represented and democratically expressed within finance, it could help re-establish public service as a superior motive compared to private gain across the economy in general. A re-strengthened spirit of public service would be a vital step to reversing the ascendency of finance in recent decades, while also laying foundations for a broader transformation of the economy in the interests of the many (op cit, p325).

In these ways, individual *policies* could be productive of a broader *politics*, and begin to address the wider ideological issue of financialisation.

3. Dampening the attraction of assets

Alongside the emphasis on rebuilding a production base for the economy, there should also be a firm address to the counter-attraction of assets. Some of the measures noted in relation to finance are also relevant here (the registration of new products, a transactions tax), but there is more that could be done. In particular, as we have noted, this must include an address to the land and property system, which could be achieved through a series of stages.[14] Council tax needs to be revalued in relation to current prices, in a system which ensures that liability remains in proportion to the value of properties, with revaluations at regular intervals to keep track of changing market values. At the moment council tax is massively regressive between owners – people in cheaper houses pay a far higher proportion of their house value than those in expensive houses. Revaluation would also have regionally redistributive effects, from South to North. This should be the precursor to a national Land Value Tax. The case for this is overwhelming.[15] It would work against boom and bust in the land and property sector, make planning and development more efficient, and work against the power of the property lobby. Only City firms are bigger donors to the Tory Party than the property industry (Inman, p24).

But there is also more to a Land Value Tax than that. As with the establishment of a public banking presence in finance, introducing a Land Value Tax is an economic policy that allows the opening up of much wider political discussion, as well as a challenge to current hegemonic vocabularies and common sense. Land is not something that is produced. Its price is often largely reflective of its location. And much of the value of a location, and increases in that value, is the result of activities and investments by all of us. The gains taken by the owner of the land are thus windfall gains – they are unearned, the private appropriation of socially-produced benefits. A Land Value Tax, as a measure to recoup this socially-produced value, thus opens up these areas to the political light, and to debate. 'Economic policies' are, or should be, more than purely economic policies.

Potential priorities for productive investment

We still need to address the question raised at the beginning of this instalment about what our economy would be *for*. The planning of 'production' in a modern economy needs to take account of the wide range of goods and services that contribute to well-being, both in their production and in their use, and to develop systems that can support these. Accordingly, we suggest here two examples of the kinds of priorities that such an approach would generate, namely ecological sustainability and the sustaining of collective care.

More generally, it is necessary to maintain Britain's competitiveness in economic markets, in order to ensure that adequate levels of employment are maintained. This is in part because paid work remains the primary source of individual and family incomes, and also because work is and should be an important means of human fulfilment and satisfaction. The arguments we made earlier for enhancing the government's role in the planning and generation of production address this dimension. The future of work is of particular concern in the modern economy, because of the tendency in the neoliberal system for skilled and fulfilling work in the productive system to be squeezed out (and this is now affecting many routine administrative as well as manufacturing processes). In this situation rewards are becoming polarised between a minority of very high earners, and an ever-larger number of low-paid workers.

Ecological sustainability: a Green New Deal

We support the Green New Deal Group's proposals for an interlinked package of measures that would include a systematic programme of large-scale investment in green infrastructure. This would benefit every community in Britain, 'providing skilled jobs, making homes warmer and keeping energy costs down'.[16]

The Green New Deal programme asserts and embodies a clear collective *vision* for economic policy. It would produce a huge number of jobs, demanding a wide range of real skills. It would create a whole new *productive* sector. It would necessarily be spread across the country (in sharp contrast to the way finance huddles itself into one small corner), and would be embedded in local relations. And – of course – it would begin to address some of the questions raised by climate change and environmental degradation.

The Green New Deal Group proposes finding the funding for this programme through: a more directed and regulated form of Quantitative Easing that would channel funds towards green projects; tackling tax evasion and avoidance; contributions from bailed-out banks; greater encouragement for general finance-sector contribution;

releasing funds through enabling public bodies to buy themselves out of PFI commitments.

We could add to this list, for example through a more progressive taxation system and a Land Value Tax. But we also believe that the whole debate about taxation needs refounding. It is not simply a question of looking within existing parameters for ways of redistributing public funds. As we argued in the Manifesto instalment 'Vocabularies of the Economy', it is a political achievement of the right (i.e. it is not 'natural') that taxation is so disliked. We need to have the courage to make the case *for* taxation – tax is, or could be, part of what constructs our collectivity; and not just its level but also its purpose should be part of a rich debate.[17] A Green New Deal might be one way to galvanise such a debate. That could be even more true of our other priority …

An economy of care and human development

Although it might be difficult to find anyone, at any point on the political spectrum, who did not genuflect before the idea that care and human development ought to be the central aims of economic strategy, it is quite easy to demonstrate that the current economic model is not at all directed towards these ends (and here we mean not just the post-crash austerity mindset, but the model that crashed, and which is now being rebuilt). We are being persuaded that paying bankers billions will somehow result, in the end, in better local health clinics, social services and pensions. It will not. Instead of waiting for this magical transformation we need a commitment to direct investment in social reproduction and the public realm more generally. That is, in education, health, training, social services, housing, public transport … As we have argued elsewhere in this Manifesto, the obstacles facing such a commitment are not just financial (though we have also argued that financial constraint is itself a matter for debate); they also stem from the fact that our very language obstructs our view. In particular, the classification of public commitments to such provision and services are widely classified as *costs*, as a burden. Expenditure on wages and salaries for workers in these sectors is regarded as particularly burdensome, and this attitude has been exacerbated by the now customary denigration of public-sector workers and the undermining of the specific values and goals of these fields of activity (see the Manifesto instalment 'A relational society'). In fact, of course, a commitment to such spheres is the best *investment* a society could make. *This* is what an economy should be for.

Moreover, this commitment also contributes to the aim of developing a more ecologically sustainable economy. Our two priorities work together. If we are to rein in humanity's exhaustion of the planet's resources, we have to focus on 'growing better', that is, improving our lives by using our time to help each other directly instead of producing more things. We therefore have to see a service economy as a desirable goal, but not one based on services to businesses in pursuit of profit, rather one based on services to improve well-being – care in the broadest sense. The only way to save the planet, therefore, is for people to spend most of their time caring for each other. The need for labour and commitment remains undiminished in those spheres of life to which human relationships are fundamental. Governments may believe otherwise, but this is because of their misapplication of market logic. An economy whose purpose is to produce enhanced well-being will be one in which the attention given by people to one another's needs and purposes will become greater, and the society it serves will devote more of its resources to these ends. Such purposes would also include the cultivation of democratic participation itself, and a recognition of the time and work which this entails.

As we have seen, 'financialisation' has involved the increasing engagement of private finance in all these spheres of society, as public provision has been withdrawn or sold off. Conversely, a reassertion of the importance of care in the public sphere – in health, education, pensions and social care – will play a key part in confronting financialisation. The different elements of this strategy are thus intimately related.

Moreover, our defence and expansion of these sectors, while certainly focusing on the necessity of the services and jobs they provide, should also be expressed more generally in terms of the need for a strong public realm, and its centrality to building a good society. Here again, a specific element of economic strategy could work also to challenge and remould the hegemonic common sense. As we said at the outset, the economic and the cultural are not entirely separate spheres of society. Indeed, the cultural bankruptcy of the market model is everywhere evident in the public sphere. Film-maker and writer Patrick Keiller has long bemoaned the mean physical state of 'the physiognomy of our society', and argued for 'a more inclusive transformation of everyday surroundings'.[18] A key part of any confrontation with financialisation will be the reassertion of the public against the private, and a rebalancing away from the individual and towards the collective.

Such an approach to care would be embedded in and entail a wider politics. Thus, to take the specific example of care: prioritising care has the potential to transform some currently dominant notions of what is productive and what not, what is investment and what is expenditure. Furthermore, as Sue Himmelweit and Hilary Land argue, there is a strong gender dimension involved in the creating of a sustainable care system; amongst other things this would require addressing the issue of pay for care workers, as well as the question of working time.[19] There is a further whole world of politics here.[20] Working towards a sustainable and more egalitarian system would entail a reimagination and revaluation of what an economy should be about. As Himmelweit and Land also argue:

> Many people, largely women, are not getting the care they need. Many carers, also largely women, are not getting the support they need and the opportunities they deserve to take part in society. The paid care sector is failing to plug the gap through lack of funding, leading to recruitment and retention problems (p11).

Their proposals for change include: more support for family carers; the reduction of working hours; improvement in pay and conditions for paid care workers; and an increase in budgets. What's more, as they argue and their title emphasises, these proposals are perfectly 'sustainable'.

Democracy

Finally, running as a thread through all our arguments here is the issue of the democratisation of the economy. This must be integral to any new political economy. As many have argued, there is a fundamental incompatibility between the proclaimed values of neoliberalism and its results: most evidently, fierce inequality undermines genuine democracy. Streeck, for instance, has pointed out that: 'Since investor confidence is more important now than voter confidence, the ongoing takeover of power by the confidants of capital is seen by centre left and right alike not as a problem, but as the solution'.[21] He also argues – as have a number of other writers – that acquiescence in this state of affairs has been sought by borrowing from the future through a credit system that allows consumption at unsustainable levels, and he calls for a democratic departure from this 'life-threatening sedation' (p70). Any serious challenge to currently hegemonic understandings of the economy, including support for the prioritisation of real investment (which will take time to pay off), must be accompanied by a commitment to the people becoming stakeholders in the economy. A whole range of possibilities is available to achieve this – strengthening the trades-union movement, restraining the shareholder model, improving democracy within the workplace[22] – as well as enabling open public debate along the many lines we have indicated in previous sections. At the moment, as Christos Laskos and Euclid Tsakalotos argue, capital is treated as the universal class – its interests are assumed to coincide with those of society as a whole.[23] Democratising the economy, and debating what an economy is for, surely hold out the potential for challenging this.

Notes

1. This is not the place to go into these arguments in detail. The instalments of the Kilburn Manifesto are not intended to be policy-briefings, or lists of policies. Rather, the aim is to argue for re-thinking the terrain and to set out broad themes and parameters. That is our aim in what follows in relation to the broad field of economic strategy. Many of the authors cited in this instalment include ideas on policy, and we hope that readers in search of policy ideas will follow up some of these. Other important sources of ideas include the work of Richard Murphy, and major contributions from groups such as nef, the New Political Economy Group and CRESC.
2. Costas Lapavitsas, *Profiting Without Producing*, Verso 2013, pp3-4.
3. Mariana Mazzucato, 'From bubble to bubble', *Guardian*, 16.1.13.
4. Andrew Sayer, 'Facing the challenge of the return of the rich', in W. Atkinson, S. Roberts and M. Savage (eds), *Class inequality in austerity Britain*, Palgrave Macmillan 2012.
5. Doreen Massey, *World City*, Polity 2010.
6. N. Buck, I. Gordon, P. Hall, M. Harloe and M. Kleinman, *Working Capital: Life and Labour in Contemporary London*, Routledge 2002.
7. Colin Crouch, *Post-Democracy*, Polity 2004; and *The Strange Non-death of Neoliberalism*, Polity 2011.
8. See Neal Lawson, *All consuming*, Penguin 2009.
9. In this process value becomes more abstract. Marx explores this process in his 1844 Economic and Philosophical Manuscripts, especially p4.
10. James Meek, 'Where will we live?', *LRB* 9.1.14; Matt Griffith, *We Must Fix It*, IPPR 2011.
11. Mariana Mazzucato, *The Entrepreneurial State*, Anthem 2013.
12. For more on industrial policy see Ha-Joon Chang, '"No industrial policy please, we're British" is out of date', *Guardian*, 12.9.12; and *Industrial policy: can we go beyond an unproductive confrontation*, Annual World Bank Conference on Development Economics 2011.
13. The Green New Deal authors have put forward solutions along these lines – see www.greennewdealgroup.org.
14. Philip Inman, 'Could we build a better future on a land value tax?', *Guardian*, 16.9.12.
15. Joseph Rowntree Foundation, *Tackling Housing Market Inequality in the UK*, JRF October 2011, cited in Inman, op. cit. Inman also reports support for a Land Value Tax from the Institute of Fiscal Studies and the OECD. See also material produced by the Labour Land Campaign.

16. Green New Deal Group, *A National Plan for the UK: From Austerity to the Green New Deal* (fifth anniversary report of the Green New Deal Group) 2013, p3. The first GND report was published in 2008 and was updated in 2013. Its authors are **Larry Elliott**, **Colin Hines**, **Tony Juniper**, **Jeremy Leggett**, **Caroline Lucas**, **Richard Murphy**, **Ann Pettifor**, **Charles Secrett** and **Andrew Simms**.
17. A similar case has been made in relation to hypothecation. See Geoff Mulgan and Robin Murray, *Reconnecting Taxation*, Demos 1993.
18. Patrick Keiller, *The View from the Train: Cities and Other Landscapes*, Verso 2013, pp22, 1; and see in particular his film *The Dilapidated Dwelling* (2000).
19. Sue Himmelweit and Hilary Land, *Reducing gender inequalities to create a sustainable care system*, JRF 2008: www.jrf.org.uk/publications/reducing-gender-inequalities-create-sustainable-care-system.
20. Anna Coote and Jane Franklin, *Time on our Side*, nef 2013.
21. Wolfgang Streeck, ‘Markets and peoples: Democratic Capitalism and European Integration’, *NLR* 73, Jan-Feb 2012, p65.
22. TUC, *A future that works: the TUC's Campaign Plan*, TUC 2013: www.tuc.org.uk/tuc-campaign-plan.
23. Christos Laskos and Euclid Tsakalotos, *Crucible of Resistance: Greece, the Eurozone and the World Economic Crisis*, Pluto 2013, p21.