

The foundational economy: thinking and doing

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Foundational economy thinking & doing introduced in 3 parts

1. Thinking foundational: core ideas

- ✓ *Multiple economies (not the economy)*
- ✓ *Covid 19 wake up call*
- ✓ *What does good look like?*

2. How history matters

- ✓ *FE 1.0 1880-1950: utilities + welfare state*
- ✓ *Degradation by privatisation, outsourcing etc*
- ✓ *FE 2.0: new systems within planetary limits*

4. Doing foundational: political challenges

- ✓ *Citizen participation*
- ✓ *Splintered political agency*
- ✓ *Prefigurative experiment*

(1) Core ideas

-FE as the *well-being critical half of the economy*



The intellectual move: zonal thinking + recognising multiple economies

- Singular **economy**: underperforming NE needs higher productivity (more tradeable, competitive + high tech); but tradeable is only 35 % of the economy + NE productivity gap isn't closed ,
- Shift to a zonal way of thinking about **multiple economies**; respect and balance differently organised economies
- Foundational economy supplies daily household essentials for safe + civilized living
 - providential services like health, education + care
 - material infrastructure like pipe and cable utilities, food distribution

(1) Tradeable
competitive
economy

(2) Overlooked
economy of
haircuts, sofas
and holidays

(3) Foundational
economy of daily
essentials e.g.
housing, health
care

(4) Core economy
of family and
community

The wake up call: Covid 19 + importance of key workers

- Covid 19 reminder on what matters and who we rely on: not investment bankers but ordinary workers in harms way on the supermarket till or residential home (work which is often gendered and underpaid)
- FE = the sectors which employ key workers who account for at least 35% everywhere including London; more than 45% in deindustrialised regions like Wales or NE
- Reviving tradeable + competitive hasn't worked; so how do we manage our leading sectors for something other than productivity (variable in different FE sectors + low pay in social care is ex social organisation + value systems)

2016 Emp. splits	UK	London	Liverpool
Material	17.6%	13.8%	16.8%
Providential	26.2%	21.2%	33.5%
Overlooked	20.0%	17.5%	19.5%
Other	36.1%	47.5%	30.2%

The challenge: what does good look like in the FE ?

- National income accounting = output metrics of per capita GDP and GVA = adding up market values + in one order of worth
- FE adds new measures of liveability and well being
- ✓ Income related = residual household income after housing, transport and utility bills; housing = 11-34% of mean disposable income according to region and tenure (no unitary failed or successful regions)
- ✓ Liveability measures = reflecting what matters to citizens eg Morrison citizens lament the state of social infrastructure (parks, libraries + free/cheap activities) when policy makers push transport

Mean h'hold income	Outright owner NE	Private renter London
gross	£33k	£52k
disposable	£30k	£41k
residual	£25k	£22k
per cap. residual	£13.2k (1.9 persons)	£ 7.9k (2.9 persons)

(2) History matters

-FE 1.0 to FE 2.0
old and new
reliance systems



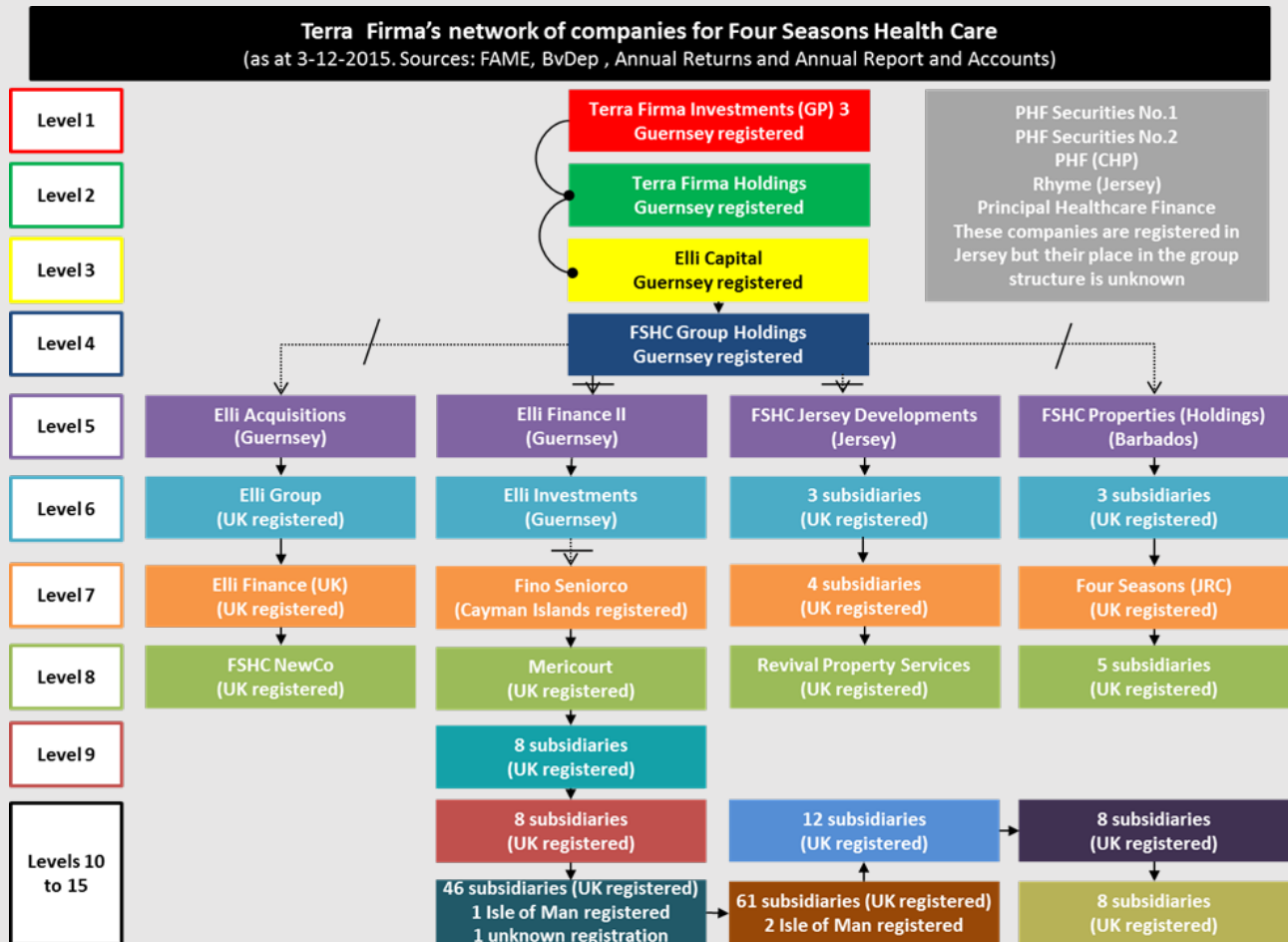
Foundational reliance systems and FE 1.0 1880-1950

- FE is an assemblage of socio technic reliance systems delivering an intermediate good or service which addresses social needs in a specific time and place
- FE 1.0 = 1880-1950 new social technologies + reliance systems: universal education/ health + pipe and cable utilities, public transport, food production and distribution
- Addressing public health in urban settings: added 20 years to urban life expectancy + created huge new economic sectors like health services



Foundational system degradation 1980-

- Financialisation = corporates + funds privilege investor returns; claiming right to pay no tax + recognising no social duties
- State abdication via privatisation and outsourcing brings financialised private providers into the FE, importing business models from high risk, high return activities
- PLCs and fund investors now seeking 10 % plus returns e.g. private equity investing in UK care homes targets 11-12% returns = an extra £100 per week compared with 5 % returns vs falls over when can't pay bondholders



FE 2.0 systems within planetary limits

- FE 2.0 recognises a damaged planet + unsustainable world: at the current European level of consumption+ production, mankind would require more than 2.5 planets; and food, transport & housing would account for more than half that footprint
- Foundational Economy 2.0 = renewal
 - Clean up high carbon sectors like food, housing and transport & expand low carbon services like health and care
 - New systems eg wood economy with productive forest for sequestration and input to construction displacing steel and cement



(1) Political challenges

-prefigurative experiments



The challenge of citizen participation

- FE 1.0 was top down, engineering led, grand projects e.g. town hall's gas and water; last great hurrah was NHS after 1947 delivering free hospitals with anaesthetics, antiseptics + antibiotics
- FE 2.0 must be participatory/ co-produced;
 - community engagement + surveys to find out what matters to citizens
 - deliberative citizens juries and assemblies for complex issues like climate change to reconcile liveability and sustainability
 - needs response from government and governance or this will reinforce citizen cynicism about little influence over decisions



The difficulty of splintered political agency

- In FE 1.0 late 19th century local actors could deliver a local system eg water reservoirs via parliamentary bills; central state after 1945 distributed tax revenue + enlisted local authorities to eg build council housing.
- In FE 2.0 we have a dysfunctional mix where government has limited agency + capability:
 - disunited kingdom: nations + regions against London rule which comes with avoidance (eg care reform) and hyper innovation (eg NHS restructuring)
 - dysfunctional multi level government with local authorities starved of revenue and powers eg over planning
 - Key functions (social housing, schooling and further education) have gone to NPISHs working their business



The opportunities for prefigurative experiment

- If agency is splintered + we do not know what will work, prefigurative experiment is the right move;
- Prefigurative experiment FE 2.0 needs foundational alliances for social experiment; a mission requiring institutional stretch by many organisations (not for profit and for profit)
- Welsh experiments in eg reforming adult home care services; organising housing retro fit starting with social housing, using public procurement strategically....learning, networking and scaling
- Government should enable not lead; tapping capability + building alliances for change; instead of competing with political narrative let's get on with the performative

