

Review: when nothing works

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Luca Calafati, Julie Froud, Colin Haslam, Sukhdev Johal and Karel Williams (2023) *When Nothing Works. From Cost of Living to Foundational Liveability*. Manchester University Press.

This book makes an important contribution to re-thinking economic growth and 'levelling' up. It starts by dismissing the proposed solutions of faster growth and increased wages, arguing that these are not just unrealistic but also misconceived because increased economic growth exacerbates the climate and environmental crisis. It goes on to argue that 'foundational liveability' is much more relevant for households and communities.

Foundational liveability depends on aligning the three pillars of a foundational economy: a) disposable

and residual income; b) essential services; and c) social infrastructure. There are many parallels with the recommendations of the New Economics Foundation (2021) report on *Closing the Divide: How to Really Level Up the UK* (reviewed in PSE 107), but *When Nothing Works* provides a much more detailed analysis of the UK's current problems and possible solutions.

The first step towards foundational liveability requires breaking away from using the gross domestic product (GDP) and gross value added (GVA) measurements of economic growth and instead using the expenditure and income of the household as a unit of analysis. The second step would draw on detailed empirical research to measure the distribution of gross, disposable and

residual income between households, and show how the failure to provide 'foundational liveability' affects households differently. The third step would rebuild the pillars of a 'foundational liveability' through a process of 'adaptive reuse' which would support sustainable improvements rather than through a rapid economic transformation.

Foundational liveability' is not easy to imagine, but the chapter on why the unit of analysis should change from the individual to the household provides some guidance. When the measures of GDP and GVA were introduced in the 1940s, the focus was on the male breadwinner, with a failure to recognise the importance of family/household, although this had been more widely recognised in social policy reports at the beginning of the 20th century.

The underlying reason for moving from an individual to a household is that most people live in multi-person households with some shared income and expenditure. Disposable income and residual income, in relation to housing and utilities/food, are considered to be as important as overall income levels. The recent cost-of-living crisis has focused attention on the importance of households, but rather than returning to an ideal type of family/household the task now is to recognise the diversity of households and the ways in which incomes can be pooled and expenditures shared. Households also depend on both public and private essential services, for example public transport and social infrastructure such as libraries and parks.

When Nothing Works also stresses the importance of place for the household because this determines the accessibility of good quality essential services and social infrastructure. This is most clearly seen in housing costs, which vary widely from region to region. The impact of the marketisation of essential services is felt by households, with the focus on individual income rather than the importance of collective provision. The privatisation of social care provision shows how marketisation of an essential service has led to inadequate services.

The authors of this book were given an opportunity to put their ideas about foundational liveability into practice in Wales in 2022, when they were commissioned by the Welsh government to undertake a foundational policy review. This aimed a) to achieve foundational liveability for households through safeguarding residual income and developing foundational services, b) to create a financially stable provider/supplier base which could reinvest and pay decent wages, and c) to make consumption and production more environmentally friendly.

The researchers recognised that these goals would only be achieved if supported by a political

practice that engaged with specifics of sector and place, worked with relevant evidence, and worked with agencies for change inside and outside government. Working in Wales was difficult because regulation is weak, renationalisation is expensive and local government has limited capacity to manage change. The authors' conclusion is that the most important concept is 'adaptive reuse', as an alternative to the economic growth and transformation agenda that politicians have tried to implement over the last 40 years, but this is slow to implement.

In order to address this, they argue that the central state should '*mostly empower rather than attempt to control and direct*'. Enabling and empowerment can be introduced and developed in different ways, determined by context:

The central state needs to move towards supporting social innovation that draws on distributed sources of initiative and mobilises alliances of state and non-state actors to deliver at local and national level.

The institutional and structural changes required to do this are immense. The problems lie with having to work with the combination of the Westminster government, the Welsh government, 22 local authorities, seven health boards and many not-for-profit housing associations and further education colleges.

The greatest difficulty which stands in the way of achieving greater foundational liveability in Wales is the need for new ways of working and learning to act in alliance to support innovation inside and outside government.

When Nothing Works has no specific prescriptions for FHE, although it recognises the weakness of essential services and social infrastructure. However, many of the changes needed, for example increased social innovation, depend on FHE working in partnership with local authorities and regions, as PSE has been suggesting for some time.

A future Labour government will have to engage with many of the arguments within *When Nothing Works*, even if still following Labour's current policies of economic growth and increased wages. The recommendations of *When Nothing Works* are not a short-term fix, but provide new ways of thinking about economic and social change which will also support policies that address the climate and environmental crisis.