

FABIAN REVIEW

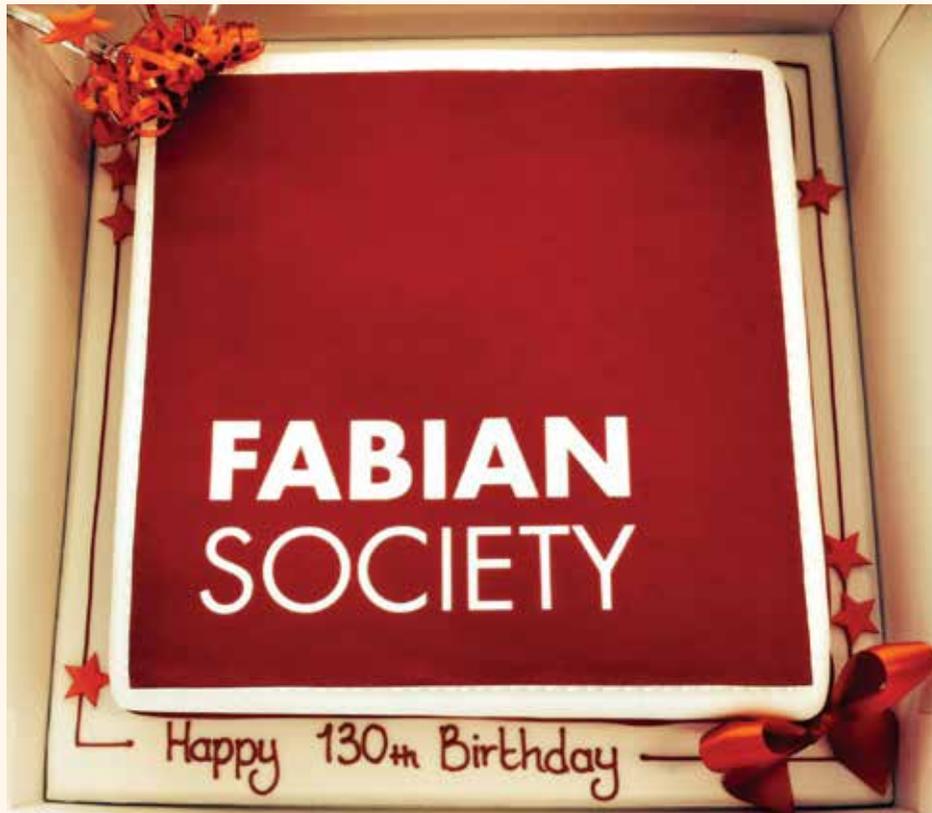
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The **TREASURY** *on* **TRIAL**



The Fabian Review examines the Treasury's dominant position in UK policymaking and outlines reforms to help make progressive promises a reality / Keir Starmer and Francesca Klug defend the human rights act p16 / Mary Riddell interviews Labour rising star Lisa Nandy p22



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**FABIAN
SOCIETY**

FABIAN REVIEW

Fabian Review is the quarterly journal of the Fabian Society. Like all publications of the Fabian Society, it represents not the collective view of the Society, but only the views of the individual writers. The responsibility of the Society is limited to approving its publications as worthy of consideration within the Labour movement.

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Taxing problems

When it comes to tax, we're much better at discussing how we spend it than how we raise it, writes *Andrew Harrop*

I HAVE A SPECIAL fondness for the Treasury, as my parents met while working in the place. But affection isn't a good reason to let an old institution's future go unexamined and today it is plain that the department needs radical reform.

Britain needs a more strategic and transparent approach to each of the Treasury's main functions – revenue, expenditure, economic management and City supervision. Of these, the area where long-term direction and open debate is perhaps most absent is taxation.

With spending restraint to continue, tax reform is one of the few weapons that remains at the government's disposal. But while there is a cacophony of debate about 'how to spend it' across three devolved governments, 18 Whitehall departments and 433 local authorities, just one arm of one Whitehall department raises almost all the money, with little in the way of announced direction or external scrutiny.

The annual budget may be a dazzling act of political showmanship, but we lack the constitutional arrangements for long-term, strategic debate about the tax system. There isn't a committee of parliament devoted to revenue. The government has no published strategy for tax or any systematic means for consultation. And aside from the overstretched chancellor, no senior minister is responsible for tax reform. Even parliament's recent interest in tax avoidance and international tax issues is only the result of cunning mission-creep by Margaret Hodge's public accounts committee.

So the next government should promise a new approach, centred on creating a five year strategy for tax reform that could be developed openly, with consultation over many months. Budgets might then be relegated to progress reports on the long-term direction.

The outlines of this plan for taxation could take shape pretty fast, so long as incoming ministers are prepared to open up a public debate on five key questions.

First, does Britain need to tax more overall? In the autumn the Office for National Statistics will reveal that the economy is larger than it had previously thought and that taxation only amounts to around 35 per cent of GDP, well below historic trends. It will take more tax to sustain strong public services into the future.

Second, should we continue with the most centralised taxation system in the developed world? This debate is already well underway in Scotland and Wales, but what about sub-national government in England too?

Third, what role should tax play in building an economy that is fairer, greener and less prone to boom and bust? A tax system that barely taxes property or financial transactions does not fit the bill.

Fourth, do we need to reinvent redistributive taxation in the age of the 'one per cent' and the baby boomers? The rich pay a lot of income tax but today we tax unearned income, gifts and capital gains much less than earnings. We also tax retired people less than younger people with the same ability to pay, without any clear rationale.

Fifth, do we need to reform or even ditch the idea of national insurance as a 'contribution' over and above contributing through VAT, income tax and the rest? Both the future of contributory entitlements and the hypothecation of taxes deserve to be examined from first principles.

These questions need asking at the heart of government. The Treasury should use each of them to underpin the development of a long-term plan for the future of taxation – and one founded on open and collaborative debate. **F**

Shortcuts



NOT RACIST, JUST RESENTFUL

To understand attitudes to immigration it is important to consider how social and economic conditions interact with cultural anxieties—*Amina Lone* and *Dan Silver*

The 2014 British Social Attitudes Survey showed that 77 per cent of people want immigration reduced, with 56 per cent wanting a large reduction. It also revealed that while attitudes towards immigration have not particularly hardened, there is a “deep social divide in people’s overall assessments of immigration.” This is largely based on social class and education: people who are in the most insecure employment and those with low educational qualifications are the most intensely negative about immigration’s effects. For instance, white Britons with degrees were 27 percentage points more likely to trust others than those with no education.

The figures point towards a widespread anxiety about immigration, particularly among working class communities. As part of research for the Open Society Foundation’s comparative study across six European cities, “Understanding Europe’s White Working Class Communities”, we have spent 18 months conducting research with people in Higher Blackley, Manchester, to be able to understand and give voice to the lived experiences of white working class communities and get behind the media stereotypes.

Our portrait found a cultural divide between the socially liberal world of individuals and institutions in positions of power – termed the “do-gooders” – and many people in white working class communities. This contributes to a significant dislocation from mainstream political parties and the

ability to influence key institutions such as parliament, the police, registered social landlords, the media and the local authority. As one resident told us: “I don’t think they live in the real world, the do-gooders. They must live somewhere very secluded, where nothing ever happens...”

There was an anxiety about immigration and demographic change which included uncertainty on how or where to interact with new arrivals into the area. However, many of the people we spoke with were far from hostile towards immigrants on an individual basis. A 63-year-old grandmother with several children, who all lived in Higher Blackley, spoke in welcoming terms about a family newly arrived to her street. However, she suggested that her perception of the local housing allocation and wider government policies were creating an increasingly difficult environment for new arrivals to come into:

“Don’t get me wrong, there’s a black family that lives up the road from me, she’s got four little girls and what a beautiful woman, what beautiful children. They’re so polite; they’re lovely, I’ve got nothing against them at all. But housing allocation is making people turn on them. And people will turn, because they’re not getting treated right.”

Working class communities are becoming increasingly reliant on their own social networks of support, as the welfare state and the labour market provide less security than they once did. It is in terms of housing that this sense that they are under threat can become most pronounced. There is a powerful perception that families are being broken up, undermining the strongest safety network that exists for people: support networks made up of families and friends.

To understand attitudes to immigration it is important to consider the social and economic conditions facing marginalised working class communities and how this interacts with cultural anxieties – as one woman told us: “We’re not racist, just

resentful.” Another resident said that “if there were jobs and housing for us, I wouldn’t have a problem with immigration.”

Our research revealed widespread social and cultural insecurity that has its roots in de-industrialisation but is becoming worse. Working class communities can no longer rely upon the availability of secure local jobs and are often forced into lower-paid and more precarious work to get by, away from their local communities.

This not only impacts on their sense of security but also on their sense of identity as for many people, employment was linked to who they were and the communities they came from. At the same time, the social security net has been significantly eroded, social housing that was once more widely available is no longer guaranteed with fewer secure affordable housing alternatives, and inequalities in health and education have widened.

So while the immediate expressions of concern might be displayed as hostility or resentment towards immigration, as soon as we dig a little deeper, the issues that confront us are about an increasingly entrenched marginalisation. The roots of the problem lie in a lack of secure and well paid jobs; politics that has become distant from working class communities; an often hostile media that individualises blame for poverty through stereotypes; growing health inequalities; and an erosion of the white working class sense of identity.

This doesn’t make for snappy soundbites that can be churned out. What it does is give us pause for thought about the type of society we want to live in. More importantly, it makes us consider what we do when the answers we seek are messy, inconvenient and difficult to deal with. This is a particular issue for Labour, when its traditional white working class support is turning away, many into the open arms of UKIP. Part of the answer – jobs, housing and decent healthcare – is within Labour’s grasp. The bigger challenge will be listening and providing a space within our democracy that allows white working class people to say, ‘You don’t look like me, you don’t sound like me and I am scared of the changes you bring.’ **F**

Amina Lone and Dan Silver are co-directors of the Social Action & Research Foundation (SARF)



OSBORNE'S CHOICE

Far from increasing, social security is being pared back to a historic extent—*Tom Clark*

It was Fabian pioneer, Beatrice Webb, who first laid out the case for modern social security, to “secure a national minimum of civilised life” to all, in the 1909 Minority Report of the Royal Commission on the Poor Laws. Over a century later, how important a chapter are George Osborne’s benefit cuts in the history of Britain’s welfare state?

The bedroom tax and the benefit cap make headlines, but the right talks as if it is doing no more than taming a welfare monster that has grown out of control. It points to official projections for rising cash outlays to prepare the ground for likely Conservative election promises to deny housing support to young people and reduce payments for the long-term unemployed. Even in the Thatcher era, such suggestions would have been dismissed as extreme. In election 2015, they will be sold as a common sense reaction to a bill that keeps growing.

So a lot turns on how those projections are interpreted. They are misleading for myriad reasons. First, and most brazenly, the adjustment for inflation is often ignored. Secondly, payments to pensioners are crudely lumped in with the rest, even though these – the biggest-ticket item on the ‘welfare bill’, and the real driver of costs – have been exempted from virtually all the cuts. Strip old people out, and there is no real growth at all. Adjust further for population growth, rising rents and squeezed pay packets, and it become plain that, far from increasing, social security is being pared back – and to a historic extent.

In 1931, the second Labour government fell because most ministers couldn’t stomach the chancellor’s demand for a 10 per cent cut in unemployment benefit, a cut subsequently imposed by a national government still remembered for retrenchment. But the depression was a time of deflation – consumer prices had fallen 11 per cent since 1928 – so that controversial cut merely brought benefits back in line. By contrast, the Institute for Fiscal Studies

today calculates that the real-terms hit on a workless family of five, facing typical rent, will be well over 10 per cent between 2010 and 2015. And this is a run-of-the-mill family; for those with disabilities or super-high rents, the losses can be far greater.

Indeed, if we tot up all the Osborne cuts, they represent around a quarter of all the entitlements that working-age families previously received. He would protest that all this is necessary, but his three pet priorities – lower fuel duty for drivers, higher thresholds for those earning enough to pay tax, and lower corporation tax – have together cost the Exchequer more than benefit cuts have saved. To govern is to choose.

Britain still has more of a safety net than the US. My book *Hard Times* tells tales of American cancer patients having to hook up their shower to outdoor spigots to keep themselves clean after their water gets cut off, and other modern-day paupers surviving by selling blood. And yet that notional cut of a quarter is the best guide to how things feel to families at the sharp end in Britain. No wonder two-to-three food banks have been opening up each week.

Not all the cuts have been aimed at the poor: the clawing-back of child benefit from higher-rate taxpayers generated disproportionate noise. But most of the pain is at the bottom. From falling sick to losing a job, cover against all of life’s contingencies other than old age has been hacked back. The social fund, which used to provide emergency loans to replace broken beds and red-edged utility bills, has been shredded. Just as grave a setback to Webb’s goal of a guaranteed “minimum of civilized life” is the transformation of welfare into an instrument of punishment, through the quadrupling of disciplinary sanctions.

Our book set out to investigate the particular effects of unemployment on the psyche, but we came away just as struck by the effects of poverty and stigma. Separated by hardship from friends and family, ‘Winston’, a 47-year old jobseeker living in Stanmore, was quite explicit: “Losing a job is nothing compared to what I’m going through right now, because I am on the breadline.” Another couple, in late middle age and living in Luton, who depend on benefits after serious illnesses cut short a lifetime of hard work, said that they felt like “beggars, sitting there with our hands out”. The problems of the Victorian workhouse, which Webb’s Royal Commission grappled with, are less remote than they have been for a very long time. ■

Tom Clark is the author of Hard Times: The Divisive Toll of the Economic Slump and a leader writer for the Guardian



ENEMIES OF THE STATE?

The voluntary sector is still waiting to hear a serious offer of partnership from Labour—*Ellie Cumbo*

Is Labour the party of the voluntary sector? Community engagement is at the heart of the ‘one nation’ narrative, and in Lisa Nandy, the shadow civil society minister, the party has an experienced champion. Meanwhile, the pledge to repeal the Lobbying Act makes a strong statement that a Labour government would respect the need for charities to speak up about the impact of policy changes on the vulnerable and excluded.

But a question that remains is how far the party is truly comfortable with the sector’s involvement in public service delivery, or whether they see this as an encroachment on the state. When Ed Miliband gave the Hugo Young lecture in February, he spoke of David Cameron’s ‘big society’ agenda as having failed to “unleash the forces of the voluntary sector”. But he also presented a single, very specific image of how the sector currently interacts with the state, who, he said, are being left to “pick up the pieces where the state has abdicated its responsibility”.

It’s important to be clear that the current government is actually offering rather more than that. In fact, the voluntary sector has been deliberately designed-in to some of its most radical reforms, like the Work Programme and Transforming Rehabilitation. While these are primarily about outsourcing to the private sector, it is still the case that the participation of charities and social enterprises has been expressly sought, and their existing expertise acknowledged. Right-leaning think tanks have even written reports on the importance of strengthening the sector in preparation for the changes; it certainly seems that there is a serious offer of partnership on the table.

Of course, these are highly controversial plans, and many organisations will not see involvement in them as being compatible with their purposes. But a counter-offer from Labour has yet to emerge. The new generation of Labour thinkers must be clear that the voluntary sector has moved on considerably from the days of privately-funded

philanthropy, wholly separate from the state. Many organisations are now directly commissioned by government. This is usually as a result not of outsourcing, but the reverse: a service is started by a voluntary organisation where it perceives there is a need, and comes to be seen as so essential that a department or local authority chooses to fund it. Examples include Victim Support and Rape Crisis centres. My field of criminal justice can struggle to attract funding from private donors because of the client group, so local authorities, probation trusts and others now pay for a vast range of interventions aiming to reduce reoffending. These would never have existed without the vision of a voluntary organisation to drive them.

And these should not be viewed as isolated cases of charities having to compensate where the state has failed. The public sector, with its direct accountability for both effective and economic public spending, cannot pre-empt and then road-test every new idea that might conceivably add to the common good. What's unique about voluntary organisations is that they combine a social justice ethos and knowledge of the local community with the diverse funding base and charitable governance that allows them to take risks that the state can't. They are uniquely placed to scrutinise and innovate, in a way that should be viewed as an asset and not a threat to the public sector.

So, over to Labour to consider embracing collaboration between the voluntary and public sectors as vocally as the coalition, and look for ways to support it as part of its plans for reform. This would build on the legacy of the last Labour government, whose Compact agreement set out key principles to guide successful partnerships with the voluntary sector as long ago as 1998. Today's party, with its focus on 'people-powered public services', has the potential to go further by developing the sector's role at a local level. Local authorities should have a clear mandate to work collaboratively with community organisations to develop services that respond to need, and treat them as a vital strategic link with the people they serve.

By all means, let's firm up the boundary between what the state should pay others to do, and what it must continue to deliver directly. But we can only fulfil the promise of empowered communities by fully acknowledging those already playing their part, and making sure that they are at the very heart of what our public services can do. **F**

Ellie Cumbo works in the voluntary sector, and is a member of the Fabian Women's Network Executive



ON THE ATTACK

Public investment should be the heart of Labour's Britain—*Michael Meacher*

With just 10 months to go to the election, there's not much doubt about the Tory attack lines: "Labour left behind a dreadful economic mess. We had to clear it up in the only way possible, but we were all in it together. Now in accordance with our long-term economic plan it's all turning good. We now have a strong recovery, the fastest in the western world. Do you really want to hand the keys back to the people who caused all the trouble in the first place?"

What is our answer to that, why haven't we given it long ago, and why aren't we giving it even now? What unites all these Tory claims is that they're all utterly false, yet they're getting away with it because none of the claims is contested.

Labour didn't leave behind an economic mess; the bankers did. Labour wasn't profligate; the Tories were. In the Labour pre-crash years the biggest deficit was 3.3 per cent of GDP, whereas the Thatcher and Major governments racked up deficits bigger than this in 10 out of their 18 years. And whilst Thatcher-Major produced budget surpluses in 2 years, Blair-Brown achieved budget surpluses in 4 years.

We were not all in it together when the burden of the cuts has been split 80 per cent on reduced benefits and public expenditure and only 20 per cent on higher taxes. Even the latter was largely the VAT increase which hits the poor hardest. Nor can anyone claim we're all in it together when average real wages have fallen 7 per cent since 2008 while, according to the recent Sunday Times rich list, the richest 1,000 people in the country – just 0.003 per cent of the UK population – have doubled their wealth since 2008 to a staggering £500bn.

George Osborne's pretence of a long-term economic plan leading to recovery is a joke. The only plan he ever had was to shrink the public sector so that the private sector could fill the jobs vacated. But that failed too. Of the 1.5 million jobs allegedly created, two-thirds were self-employment on a pittance income and almost all the rest

were low-paid, insecure or on zero hours contracts. Virtually none were full time at or near the median income.

The present recovery after six years of decline is still the slowest for a century and is not sustainable. It has no sources of demand to keep it going when wages are still falling, productivity is one of the lowest in the OECD, business investment remains 20 per cent below pre-crash levels, and exports net of imports are in deficit by over £100bn every year since 2010.

But the biggest fib in the Tory lexicon is that they had to clear the huge deficit by prolonged austerity. They did not. Alistair Darling's two stimulatory budgets in 2009–10 brought the deficit down sharply from £157bn in 2009 to £118bn in 2011 – a £40bn cut within 2 years. Osborne's austerity budgets cut this reduction to a trickle to reach £108bn in 2014 – a cut of only £10bn in 3 years. Not much doubt then about the quickest and most effective way to cut the deficit, and it's not Osborne's.

So what should be done? With a capital investors' strike still on (the FTSE-100 companies are sitting on a cash stockpile of some £700bn, uninvested, because they too believe this 'recovery' has no legs), we need a major public investment programme to promote jobs and growth focused on infrastructure, housebuilding and laying the foundations of a low-carbon economy.

With interest rates still at 0.5 per cent, a hefty investment package of £30bn could be purchased from the markets at the bargain basement cost of a mere £150m a year. But it could actually be secured with no increase in public borrowing at all. A further £25–30bn tranche of quantitative easing, tiny compared to the £375bn already issued, could be directed, not at the banks as before, but directly to manufacturing and services. The publicly owned banks RBS and Lloyds could be instructed to prioritise their lending on industry rather than speculation abroad, tax avoidance or property. And the ultra-rich, who have monopolised 90 per cent of the gains since the crash, could be subject to a special super-tax to raise several billions from the gigantic £250bn asset gains they have procured since the crash many of them helped to cause.

With less than a year to go until the next general election, this is not the time for Labour to stay on the defensive. The opportunity is there to build a positive and radical future for Britain. **F**

Michael Meacher is author of The State We Need: Keys to the Renaissance of Britain and writes a daily blog at www.michaelmeacher.info

A new Treasury view

With a promise to decentralise power and tough talking on irresponsible markets, Ed Miliband's radical agenda for power has emerged into view. But might it be thwarted, as some fear, by a powerful government machine that is institutionally conservative and instinctively centralising? *Dan Corry* writes that achieving Labour's political vision in office means rethinking the Treasury, not weakening it.



Dan Corry is CEO of NPC, a charity think tank and consultancy. He writes in personal capacity. He was a special adviser in various departments during the Labour government including DTL, Treasury and No 10.

THERE HAS ALWAYS been a strand in Labour thinking that has had it in for the Treasury. The argument goes that all that is holding a victorious Labour government back from transforming the British economy into a fair, growth-orientated, balanced place is the dead hand of Treasury theology. Rooted in an obsession with fiscal numbers and with orthodox neoclassical economics, it simply will not allow bold, progressive plans to flourish.

This set of fears now provokes intense worries that 'Milibandism' will be stillborn unless the Treasury is reined in. Surely they will resist and thwart heroic attempts to alter the way capitalism works – to bring finance to heel, to end short termism, to use the power of the state to grow the economy?

Some go even further in their concerns about the Treasury. Rather than thinking that you need a strong Treasury to help navigate a period when the fiscal situation will still be tough – the view recently espoused by shadow chief secretary to the Treasury, Chris Leslie – they think that the need to adhere to continued fiscal consolidation only exists because of the power of the Treasury mind set and ideology.

Back in the day, this was the sort of thinking that led to the setting up of the Department of Economic Affairs in the 1960s by Harold Wilson. Under the leadership of George Brown, the DEA aimed to curb the power of the Treasury and focus the government on a more hands-on, growth orientated strategy. And in the run up to the election of 1997, there were those arguing for this sort of approach to be reintroduced.

There is indeed a legitimate case for worrying about the Treasury's commitment to growth. I worked in the Treasury as a civil service economist in the mid to late 1980s and had worries that the need for spending cuts started to trump everything. My concerns on this point did lead me to think that if Labour won in 1997 we might want to split the Treasury into two, creating a system much more like that which exists in the rest of the world. In other words, you would have a finance department to look after the spending and revenue side of the government's business, just as any company or charity would have a treasurer to check the cash flow was ok and the reserves not too low. But this would be separate from economic policy decision making, with an economic department to look

after micro-economic policy as well as to influence fiscal decision making from a 'growth' rather than a deficit and debt perspective.

In the event, the period of Gordon Brown as chancellor was rather interesting in the way the Treasury worked. In fact, responding to the wishes of its political masters, the Treasury did become much more focused on growth, productivity and even – in public services and tax terms – on fairness. So this shows there is no inevitability about the way the Treasury works.

However, I think an almost opposite problem emerged during those years. The Treasury became a bit too focused on its growth objectives and officials eased up a bit on their intense concentration on the value for money of public spending and their eagle eye on potential future risks to the economy. While spending was kept pretty firmly under control during this period and the surge in debt and deficits post 2008 was a product of an externally driven financial crash, it is certainly the case that the Treasury did lose sight of some of these issues and of value for money per se. This illustrates how difficult it is to get the balance within the Treasury right.

Separating the Treasury from the economic department does not seem therefore to be the key issue. A better focus is on how to have an economic policy carried out by all departments; and how to have a Treasury that is tough on spend and tax but does this in a sensible way likely to lead to more progressive outcomes, especially as we move towards a more devolved approach to the governance of Britain. Here are some ideas about how to organise things so we can push forward a progressive set of economic policies in government.

First, we need a way to get collective buy-in across Whitehall to a progressive economic policy and then to ensure it is carried out.

What tended to happen in my experience, both as a civil servant in the 1980s and as a special adviser in the Labour government, was that there were a number of departments trying to run rather different micro-economic policies. So the Department for Trade and Industry (now BIS) had a particular view of the world – and had some tools to operationalise them around regulation, company law and the like. So too did the Department for Communities and Local Government, via powers over local councils and housing, and in their own way so did health, environment, education and a host of others. No wonder it felt more like chaos than consistency at times.

To add to this, discussion around the macro and general economic policy of the government of the day was notable by its absence which meant there was no real emotional connection with the overall direction of the government nor attempts by departments to adapt their policies to the big picture agenda.

What was difficult therefore was to effectively combine all the players together. In the absence of this overriding idea and of the machinery necessary to make it happen, there was a dangerous lacuna.

While these issues were all present during the New Labour years, interestingly the same problems manifested themselves to another, non Labour, though interventionist, politician. A read of Michael Heseltine's recent fascinating tome – *No Stone Unturned* – shows a frustration from when

he was deputy prime minister, in getting his competitiveness agenda followed through across Whitehall and a search for better ways.

The one thing that worked for Labour in my time was the National Economic Council (NEC) – and indeed Hezra copied some of this in his report by proposing a National Growth Council. The NEC was a high-level cabinet committee, chaired by the prime minister, which gave a clarity, direction and sense of urgency to economic policy making and implementation after the economic crash. Although the crisis feel of the times was crucial to its effectiveness, it would be well worth seeing if something similar might work in the future.

Second, we need to improve the way the Treasury itself works. Creating a new 'peace time' version of the NEC should not imply a weakening of the need for the Treasury to really ask tough questions. And a Labour government needs that more than most. Our instinct is to act, to do things, to spend and we need always to be quizzed on what evidence we have for this next bit of action. It is easy, for instance, to say the infrastructure will not get built without some government guarantees, or agree with Mariana Mazzucato that government support often lies behind innovation and new discoveries. But it is much harder to act on all this in ways that are sensible and cost effective.

So rather than weakening the Treasury, instead we should want to increase its ability to direct resources at the areas that are most likely to produce a strong and fair economy and society.

As the recent Fabian Society Commission on Future Spending Choices which I was a member of concluded, this means altering procedures and rules to encourage more long-term thinking and investment into early action and prevention areas; more use of modernised public service agreement (PSA) approaches to help keep the focus on outcomes not spend and to break down departmental silos; and more openness and accountability to the public and parliament.

Finally, given the clear and welcome statements by the Labour leadership – in particular Andrew Adonis's recent growth review – that if elected it intends to devolve the control of expenditure much more, especially to the city regions, the Treasury needs to refresh and rethink its role. Many in the Treasury have always realised that letting city regions control much of the public expenditure that goes on in their areas should lead to much more efficiency. Indeed the last government's Total Place programmes were starting to suggest significant financial savings as well as better services for the public. The Treasury in a Labour administration needs to ensure that this happens, to encourage best practice and sensible accountability, and to keep an eye on it, as not everything will go right. But it must do this without demanding local areas all have to do things the same as part of some centrally dictated plan. That is quite a cultural change.

For a successful Labour government, the Treasury will always be crucial. Carving it up or weakening it are populist agendas that in the end do not really serve our needs. But changes to the way economic policy is developed, delivered and monitored are all possible and necessary. That is the agenda to focus on. **F**



IN CONTROL?

Catherine Haddon offers a brief history of the Treasury

The Treasury is one of the oldest institutions in the country with powers and practices set centuries ago. This history includes the notion of 'Treasury control' (of public expenditure), described by former Treasury official Henry Higgs in 1924 as: *"Something that you live under, that you suffer from, that you profit by; and if you cannot define it, well – Lord Morley used to say that he could not define an elephant, but he knew it when he saw it, and you know Treasury control when you feel it."*

However, the theme of control goes much wider: in its approach to the rest of Whitehall; in debates about splitting it; or in shaping the UK economy. None of these questions are new.

The Treasury has long had a strong institutional culture, one that survives despite high turnover and youthful staff. In 1924, Higgs saw its ethos as stopping "every other department [doing] as it pleases". In 1974, Hecló and Wildavsky described the eight rules of 'Treasury dogma' by which officials would check spending departments: "A reputation for toughness inhibits would-be-spenders". Throughout its history, calls for change have sometimes come from those aggrieved by this aspect.

Splitting its functions has quite often been considered as a possible 'solution' to Treasury dominance. The 1964–1969 Department of Economic Affairs was one attempt to separate its function as both finance and economics ministry, though also to keep the troublesome George Brown happy. But it would be a mistake to see all calls for change in that vein; many reformers focus on utility. In 1970, there was a proposal for a US-style Office of Management and Budget, combining public expenditure with manpower responsibility. However, the then-permanent secretary at the Treasury and the cabinet secretary argued that the level of public expenditure needed to be one of the tools in the hands of those attempting to guide the economy.

There have also been various attempts to make the Treasury, un-split, more an economic rather than finance department.

Under Nigel Lawson, there was a focus on monetarism and privatisation. Gordon Brown sought to be active on welfare reform, tax credits (with the Treasury becoming a major spending department) and launched a number of supply-side initiatives.

The Treasury has long had a role in managing the civil service, though sometimes reluctantly. The formative 1854 Northcote-Trevelyan report was partly a Trevelyan desire to unify and improve through Treasury dominance. In the 1970s and early 1980s there were repeated tussles between the Treasury and Civil Service Department on management remits. The Treasury has also been a breeding ground for those at the top of the service. It was a permanent secretary to the Treasury who was made the first ever head of the home civil service in 1919. In recent decades it has bred more permanent secretaries than other departments and since 1979 five out of six cabinet secretaries started their careers in the Treasury (with Richard Wilson also doing a stint there).

These aspects are all important, but Treasury history is mostly viewed through the economy. This story is dominated first by questions about relative economic decline through to the mid-1970s. Historians, economists and public administration academics have pondered whether the Treasury had the right skills or the right economic philosophy, or whether it intervened too little or too much. From the late 1970s the depiction of unbelieving monetarists of the Treasury is queried by historians who look to policy changes under Dennis Healey and officials keen to embrace the new government's drive in 1979. From the mid-1980s, the foremost policy issue again became currency and the question of entry into the ERM. However, alongside this, and as important, was the focus on micro-economic policy as a means to growth, privatisation and a greater role in tax policy.

There were also major shocks to the system, such as the 1949 and 1967 devaluations and the IMF crisis of 1976. The Treasury was profoundly affected by the 1992 ERM exit. It led to the Fundamental Expenditure Review, a changed approach and different relationship with the Bank of England. Similar questions might now be applied to the financial crisis of 2007–8. Early signs are that one response is recognition that Treasury history is itself a valuable resource. Sharon White's 2012 review of the crisis concluded that institutional knowledge and experience should be improved.

For current permanent secretary Sir Nicholas Macpherson, history is important

to understanding "how the Treasury became the dominant institution in Whitehall; to what it owes its power; and why it is more than just a common or garden finance ministry on the continental model". History is also crucial for those seeking to understand why he thinks that. **F**

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THE TREASURY WE CHOOSE

To rebalance the economy, the Treasury needs to reverse historic trends and pick industry over finance, writes Catherine Walsh

For all their rhetoric about free markets, the Thatcher Treasuries picked a winner in the 1980s: the financial sector. That winner has been backed ever since. Decisions taken by Thatcher's Treasuries effectively abandoned the regions and their industries, while greatly benefiting finance in the south east. The Treasury has not been passive in the rise of UK finance, and it cannot be passive in the 'rebalancing' that politicians now claim to want. It needs to pick, and make, other winners.

British finance has long been dominant over British industry, even at the height of the industrial revolution, and while this relative weakness did not always place industry at great disadvantage, it was never the favoured child. Throughout the 20th century, British governments tolerated large trade deficits resulting from policies that supported the City's role as an international clearing house. The Treasury's political commitment to tighter budgets and the foundations of the post-war economy, agreed at Bretton Woods, drew the City, the Bank of England and the Treasury close together. But by the 1970s, British industry was ailing in the face of foreign competition, and (with the exception of the arms sector) state interventionism was neither a coherent strategy nor consistently applied. The inflation and currency crises of the 1970s proved pivotal points at which the British state capitulated to international financial pressures and relinquished some of

its policy autonomy, in part to maintain the City's position among the world's leading financial centres.

Even against this background, Margaret Thatcher's election in 1979 brought real and radical change. Repeated state interventions propelled finance while industry was left to its own devices. Although the groundwork for monetarism had been laid by the Labour government's acceptance of the terms of the IMF's loan in 1976, the high interest rates that accompanied Geoffrey Howe's aggressive and explicit monetarism strengthened sterling and made borrowing for capital dear. This hurt physical manufacturers and especially exporters, all the while making British finance comparatively more powerful. Howe was the first chancellor to persistently champion small shareholders and the individual investor, groups whose characterisation became a significant part of the Treasury's pro-finance public relations. In his budget speeches he spoke of industry only one-third as often as his predecessor, Denis Healey, had. Although Howe's successor, Nigel Lawson, cut corporation tax from 52 per cent to 35 per cent, this was explicitly paid for by removing capital investment allowances for machinery and plant, measures which hit industry but not finance. Similarly, the Treasury raised general VAT rates on basic goods and services, while finance and insurance services were VAT-exempt. The signals from the top of the Treasury showed that industry mattered less and finance more.

The activist Thatcher Treasuries directly oversaw or heavily influenced a slew of other pro-finance changes. Among Howe's first acts were exchange and dividend control reforms, for which the City had lobbied for years. The liberalisation of hire purchase and personal credit were free market Treasury initiatives, accomplished through profit-taking financial firms. The Treasury also reduced stamp duty on the purchase of shares and bonds, from two per cent down to 0.5 per cent. The negotiations for the liberalisation of the London Stock Exchange – most unwelcome in that closed shop – took years of effort by Thatcher's team to achieve, and it turbo-charged the stock exchange when it abolished many of the barriers between financial investing and banking in 1986. London's equity markets developed a much larger turnover, and the lower profits for gilt dealers meant that they became more speculative to make up their shortfall. In the newly-created futures markets, the banks became dominant over other brokers and were now able to 'short' the cash markets, and the gilt and securities markets

underwent a merger-and-acquisition phase. In a speech in 1986, the chairman of Wood Gundy, Ian Steers, named "a positive and welcoming government attitude" as one of the City of London's "natural" advantages. He explained that "the infrastructure which is in place is so big and the number of people directly involved so large, that only a major change in government policy as to tax or regulation could cause the market to move."

Sir Nicholas Macpherson, the permanent secretary to the Treasury, has argued that free trade, a preference for the consumer, and opposition to protectionism and mercantilism were positions that reduced distortions, advanced competition, and marginalised special interest groups. Certainly the 'protections' removed from British industry in the 1980s did marginalise them, just as the series of 'enhancements' offered to British finance advanced competition between the two for capital, a competition that industry lost. "To govern is to choose," George Osborne is fond of saying, and indeed it is. For any sector to have any hope on 'balancing' finance in the UK's future, that sector will have to be chosen too.

Catherine Walsh studies the history of the UK Treasury, and assumes a lecturership at Newcastle University in August



THE TYRANNY OF THE BENEFIT-COST RATIO

Economic modelling has acquired a near monopoly on evidence-based policy – reform must bring wellbeing into the picture, argues *Christine Berry*

In January of this year, Sir Nick Macpherson, permanent secretary to the Treasury, gave a speech to the Mile End Group setting out his take on the 'Treasury view'. It's essential reading for anyone wanting to understand the market liberal orthodoxy which dominates policymaking in the UK. Macpherson proclaims that "markets generally work"; that government should "favour consumers over producers"; that supply-side policies, such as the breaking of the unions, have

succeeded in producing efficient markets, while demand-side policies – especially fiscal programmes – generally don't work.

He acknowledges that some of this "may appear a brave proposition following the worst financial crisis in 80 years", but the overall message is clear: the events of 2007/8 were essentially an aberration, an unfortunate instance of market failure. They do not give any pause for thought about the basic validity of the efficient markets hypothesis. The failures which led to the crisis – including what he calls with beautiful understatement a "suboptimal approach to remuneration" – can all be comfortably accommodated within the old paradigm.

The impacts on policy of this intellectual consensus are profound. They extend not just to the detail of economic policy but across the whole of government: both via the Treasury's control over the purse strings, and through what is euphemistically known as 'evidence-based policy' but might more accurately be called the tyranny of the benefit-cost ratio. Though in and of itself a laudable goal, evidence-based policy has become the vehicle through which economic modelling has acquired a near monopoly on what counts as 'evidence', smuggling in hugely significant value judgements in the guise of objective analysis. Officials have told me of the frustrations of having to justify themselves based on numbers which not only fail to capture the basic purpose of their department's work – say, community cohesion or environmental protection – but which are based on assumptions highly questionable even on their own terms.

These assumptions are systematically demolished in a recent report by no less a person than Gus O'Donnell, who knows a thing or two about the Treasury view. As he points out, conventional cost-benefit analysis ignores inequalities: "Cost benefit analysis that uses market prices effectively endorses the status quo distribution of income". It is inadequate when market prices don't exist and have to be invented – including in relation to public goods, which are "the very things that the state has to think about". It assumes goods and services are all that counts, and thus ignores vital outcomes such as relationships or good health. And, as behavioural economists have demonstrated, it often "does a poor job of describing the way that people actually behave".

O'Donnell's devastating conclusion is that we are currently assessing policies by "evaluating something that is not going to happen, using assumptions about motives and behaviour that bear little relationship to reality, and valuations that are plucked out

of thin air". In other words, the Treasury's market fundamentalism is not only highly political: it also fails to stand up to its own claims of intellectual rigour. So what can we do about it?

Firstly, as O'Donnell himself suggests, we could use wellbeing evidence to assess how far policy actually achieves better lives for people. This would mean rolling out a new process of 'wellbeing cost-benefit analysis' for assessing individual policies; it would also mean new high-level objectives, and new budget setting processes to better reflect departments' real contribution to enhancing wellbeing. This would have the advantage of helping to break down departmental silos. At the moment, there's little incentive for one department to spend in order to save money for another, but a budget allocation process focussed more on wellbeing outcomes would change that.

Secondly, we need to take sustainability much more seriously. This means addressing the failure of impact assessments to fully capture either the benefits of environmental protection or the uncertainties involved in predicting the impact of environmental destruction. It also means getting rid of the ludicrous system of 'one-in, two-out regulation', which takes no account of benefits at all, but bases decisions about new regulations solely on the net cost to business.

As for how all this can be done, we can look to other countries who've successfully embedded wellbeing and sustainability into their Treasury mandates – such as New Zealand – for inspiration. All this would need to be underpinned by organisational change of the kind that got us to where we are today. Like the 1980s and 1990s where there was a concerted push to hire more economists and plough research funding into neoclassical microeconomics, so we would need to actively nurture and hire more heterodox economists, as well as analysts from other disciplines like environmental science and psychology.

We should be under no illusions that this is a question of technocratic tinkering: on the contrary, it is a deeply political project. Ultimately, it is about replacing a broken economic model and the discredited, yet still incredibly powerful intellectual foundations that justify it. Change on this scale will require political leadership at the highest level. Treasury reform is something any government serious about doing things differently cannot afford to ignore. **F**

Christine Berry is a researcher in the Centre for Well-being at the New Economics Foundation



UNINTENDED CONSEQUENCES

The UK would be better off if the Treasury's multiple responsibilities were divided up, write *Giles Wilkes* and *Stian Westlake*

You would be hard pushed to find a government department as impressive as Her Majesty's Treasury.

Its officials are able, intelligent and public-spirited. And they're good value for money. A thousand-odd people, usually paid less than equivalent grades elsewhere in Whitehall, carry out four major tasks – finance, budgeting, economics and tax – that in many countries require a department all to themselves.

This great cluster of responsibility is part of what makes the Treasury special. As one official told us, "the best people will work here for less pay because the job's so interesting". But while it makes the Treasury more effective, such concentrated power has a more debilitating effect on the rest of government. The same behaviours that bring confidence and certainty to Treasury officials breed the opposite elsewhere in Whitehall, leading to short termism, game-playing by other officials, and uncertainty amongst stakeholders.

The Treasury's own political rituals and institutional memory do not help. The way the Treasury deploys its significant power is dictated by the twice-yearly pantomime of the budget and autumn statement. Here six months' of tax policy and economic thinking are blended together into a politicised stew designed for the consumption of the nation's newspapers – often concocted in a last minute rush the weekend before.

It's not just the budget. Much of how the Treasury behaves stems from the searing effect of a long series of crises, culminating in the financial humiliation of 1976, the Treasury's trial-by-fire. For the Treasury we are always one sweaty weekend away from national bankruptcy. This neurosis means that all decisions – departmental budgeting, growth policy, banking reform – yield to the need to fund Britain's debt. James Carville famously observed that everyone was afraid

of the bond market. But by concentrating such power in the Treasury, Britain makes this phobia the defining dysfunction of its entire government.

On a more mundane level, the concentration of powers and the Treasury's culture lead to three problems that will be familiar to anyone who has worked within government.

Accountants gone wild

British industrial history teaches us the danger of allowing great undertakings to be run by bean-counters. In most complex organisations there is a tension between finance and operations – between the finance director and the plant manager, as it were. But the Treasury's power means that within government, this battle is largely one-sided.

And because the Treasury holds the upper hand in finance discussions, there is a strong temptation for it dictate not just how much money can be spent, but what it can be spent on, too.

Thus we end up with a budgetary system where departments can rarely move money from one purpose to another, or between years. This makes it easy to spend money on prisons or benefits, for example, but harder to invest in keeping people out of prison or off benefits.

Wheeze-itis

All too often, departmental policy must yield to the Treasury's need for budget and autumn statement announcements. So once every six months, the hunt begins for eye-catching policies that can be announced in the House.

In the worst examples, this leads to shadow policymaking as Treasury teams try to dream up policies that they would like to see coming from departments. This sort of policymaking is the antithesis of the steady long termism that businesses and economists call for, and that Britain fairly obviously needs.

Don't trust the natives

The Treasury hates ceding control of its finances. Because it is powerful, it has a simple solution to this: it doesn't. This has stood in the way of many of the ill-fated attempts to devolve financial power in recent years, from giving foundation hospitals borrowing rights to devolving economic growth funds to cities.

There is much to praise about the Treasury, from its superb staff to its vital role in scrutinising government. And it has taken steps to address some of its long-standing issues, from ethnic and gender diversity to professional insularity.

But it is hard to shake the feeling that its great power has in itself become a problem. If the next government wants to push a radical programme of economic reform, it will be a serious obstacle. The UK would be better off if its multiple responsibilities were divided up. **F**

Stian Westlake is executive director of policy and research at Nesta. Giles Wilkes was special adviser to the Secretary of State for Business, Innovation & Skills from 2010 to 2014. Their report "The Destruction of HM Treasury" will be published in August 2014.



NO ONE LIKES THEM, THEY DON'T CARE

It'll take strong leadership from an incoming chancellor to make the Treasury 'get' green, writes *David Powell*

The Treasury's not in the business of making friends. It spends all day turning down pleas for spending from inside and outside government. Perhaps they're the Millwall of Whitehall: no one likes them, and they don't care.

Right across the political and campaigning world, you'll find no shortage of grumbling about the Treasury. Some, perhaps wanting greater departmental or local autonomy, begrudge its very power. Others rile at the secrecy of the place, beaten down by years of fairly useless responses to Freedom of Information requests. Still others dislike it as the central root of a neoliberal economic ideology that spreads its tendrils into the furthest reaches of policy affairs.

Its interference in long-term environmental policy is a case in point. In recent years the Treasury has promoted a 'gas strategy' that would blow the UK's carbon commitments out of the water, and has awarded ever greater tax breaks for fossil fuel production. It is presently trying to get the 'fourth carbon budget' – a cap on emissions for the years 2023–27 – watered down on spurious economic modelling that fails

even to attempt to estimate the co-benefits of climate action, like cleaner air, low-carbon export markets and avoiding the economic impact of climate change itself.

You may have thought these unenlightened days were past, the economic case for carbon reduction having long been settled since the 2006 UK Stern Review, commissioned ironically enough by the (then Labour) Treasury. And the inexorable rise of commodity prices, wiping out a century of decline, has surely put waste minimisation and resource productivity firmly onto the agenda of those more concerned about security and international competitiveness. Hasn't it?

It's hard to know where Treasury obstinacy starts and the dogma of George Osborne ends

Not really. The Treasury simply doesn't 'get' green – culturally, individually, ideologically, or structurally. And it's not helped by a business plan that forces it to be a barrier.

All of the Treasury's tasks cascade from three narrow interpretations of George Osborne's narrative priorities: growth, deficit reduction and financial stability. With low-carbon business a major contributor to the UK's lacklustre balance of trade, Treasury mandarins could interpret their top line mandate as being proactive agents for a healthy clean energy sector in the UK. But no – instead, the Treasury is essentially given just two jobs on climate change. Those are: stop DECC spending more than it has been arbitrarily awarded for renewable energy; and prioritise UK growth – ahead of other outcomes, like avoiding dangerous climate change – in international climate talks.

It's certainly true that under the current chancellor it's hard to know where Treasury obstinacy starts and the dogma of George Osborne ends. The chancellor is notorious for his green-bashing, despite the appeals from everyone from the CBI to the TUC.

But it even if you anointed the boss of Friends of the Earth as chancellor, it wouldn't be job done. You'd still be faced with an institution riddled with its own quirks, orthodoxies, powerful old-boy personalities, and a neoliberal ideology that's so deeply ingrained into the fabric it would linger like pub smoke long past the point of revolution.

Nonetheless reforming the Treasury requires, ultimately, political change. The FT's Martin Wolf said at a Green Alliance event last year that "the problem is not Treasury the department, but Treasury

ministers". Ministers don't see greening the economy as a high priority, and if they did, said Wolf, "the policies would be completely and utterly different."

What George Osborne has done, for good or ill, is reconfigured the entire operation of the Treasury to meet his own personal political priorities, and anything that conflicts with those has to lump it. Ed Balls has talked a good game on green – pledging his backing for the 2030 decarbonisation target the current Treasury setup resists, for example, as well as promising to ensure the Treasury is up to scratch on green matters. He'll know better than anyone that if he really wants Treasury to be a proud agent for anything to which it is currently and culturally indisposed, he'll have to roll up his sleeves on day one and wade into the place throwing whirlwind punches around.

Here's how Mr Balls can show he means business. Commit now that within the first few days of his chancellorship, he'll write into the start of the Treasury business plan a new top priority to build an environmentally sustainable, low-carbon, resource resilient economy focused on enhancing people's wellbeing – and appoint a minister with the specific and sole responsibility to ensure the Treasury delivers on this objective.

The long-term challenge for all parties is to build an economy focused on improving people's wellbeing, not GDP, as an end in itself. The UK and EU's environmental impact must shrink sharply to within its fair share of sustainable limits. We must quadruple investment in world-leading clean energy and transport, shepherding in wholesale changes of mindset in allowing individuals and communities direct ownership and control.

Only a government committed at the very highest level – with a Treasury along for the ride – can deliver step changes like that. Mr Balls should be under no illusion: unless he's serious about transforming the Treasury, Labour aren't really serious about a greener, fairer path. **F**

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This work was kindly supported by Friends of the Earth. You can read more about their work on transforming the Treasury at foe.co.uk/treasury

The changing of Horse Guards

Ed Balls and Ed Miliband can learn from their time in the New Labour Treasury to reshape the next Labour Treasury, writes *Colin Thain*



Colin Thain is Professor of Political Science at the University of Birmingham and author of The Treasury and Whitehall. He is currently completing a major study of the Treasury under New Labour

IT HAS BECOME an axiom of British politics that parties have to prove to the voters their ‘competence’ to govern the economy. Ed Miliband’s Labour party has to overcome the very successful discourse of the coalition partners, who have been highly effective in blaming all current economic woe on the 13 year stewardship of Tony Blair, and especially Gordon Brown. In the next 10 months this will be a major battleground and Labour’s past and future relationship with the Treasury will come under close scrutiny.

In engaging in this debate, there is a danger simultaneously of underplaying the successes of that period and failing to recognise less tangible cultural and systemic lessons that can be learnt from Gordon Brown’s time as chancellor. The Labour policy programme must address how the Treasury can be reformed to deliver the twin planks of its emerging agenda: a more ‘hands on’ approach to the market through an activist industrial policy, while simultaneously being more ‘hands off’ with the central state, allowing a programme of radical decentralisation of power to the ‘city states’ of the midlands and the north. Does the Treasury have the capacity to perform its roles? Are more radical machinery of government changes needed?

What should be learnt from the Treasury under New Labour?

The first key lesson from the 1997–2010 period is that the Treasury is not one department but five: a central co-ordinating and accounting department, ministry of finance, economics department, foreign economic policy agent, and a policy actor. If all these roles are to be performed by one department, there needs to be balance between them. For much of the 1997–2010 period, the Treasury was not a properly co-operative central department. The ‘day job’ and core role as ministry of finance was neglected in the period 2003–7, when the fiscal rules were adjusted and not enough attention was given to the fiscal balance, especially

in maintaining and augmenting tax revenue. These failings in part meant that when the financial crisis was faced, the public finances were not as robust as they needed to be to weather the storm. Gordon Brown and Ed Balls (with Ed Miliband) were so successful at imposing political direction that the official Treasury, especially at the senior levels, lost both the capacity and will to ‘talk truth to power’ and assert its essential warning function.

A more positive lesson, however, was that Gordon Brown succeeded in fundamentally changing the culture of the official Treasury. There is now a more receptive department prepared to engage proactively in policy solutions rather than act as a traditional veto player. Despite the austerity setting of the last four years, the Treasury retains many of the cultural changes initiated by Brown and the department is very different from the Treasury Labour inherited in 1997. The official Treasury is aware of the importance of learning from its history and looking outside for advice and policy ideas. What is also ignored in the rush to criticise the New Labour period is the explosion of intellectual activity through the medium of some 40 ‘policy reviews’. Many were in policy areas long neglected by nominally sponsoring departments – such as on the planning system, productivity and the need for a more robust competition policy regime. What was lacking was a plan for implementation. And here Ed Miliband needs to ensure that the coordination of policy across the economic policy domain is properly joined up and that the Treasury is a positive and engaged actor in developing cross-Whitehall solutions.

The biggest challenge here will be in ensuring that the official Treasury ‘buys-in’ to the implicit fiscal decentralisation to the English regions. A lesson can be learnt from the neutering of the office of the chief secretary to the Treasury. A Labour administration will need a strong, dynamic ‘big hitter’ in the role; it should be seen as a major post for the duration of a parliament and not a career staging post or a

‘safe’ personality. The continuation of fiscal hard times after 2015 gives added importance to the chief secretary brief.

The New Labour period was also marked by the innovative deployment of the Treasury’s intellectual and networking skills in foreign economic policy. The Treasury has key international roles: it provides the staff and support for the UK’s IMF permanent representative; it provides the senior staff who act as economic ‘sherpas’ for the G7 summits – preparing the policy agendas and discussing draft communiqués with fellow officials from the other member states; a similar support role for the prime minister and chancellor at the G20; and the key expertise on EU economic and financial policy in support of the Chancellor at the Economic and Financial Affairs Council (Ecofin). Under New Labour these structural roles were allied with a strong internationalist policy lead by Gordon Brown and produced real and tangible dividends – not least in removing the debt burden on the poorest and highly indebted developing economies, and the prominence given to policy toward Africa. Hard times or not, an incoming Miliband administration should build on this record and harness Treasury expertise. The agendas on international financial regulation, environmental agreements and poverty reduction remain as alive as they were in 2010.

The major economic policy framework innovation of the New Labour period – ‘constrained discretion’ – should also be seen as an important development to carry forward. This, according to a Treasury publication whose editors included Ed Balls and Gus O’Donnell, involved setting out “clear and sound long-term policy objectives; pre-commitment, through institutional arrangements and procedural rules; and maximum openness and transparency”¹ at the macro-level, allowing discretion at the local level and in the delivery of public services. At its heart, this approach sought to answer how a progressive government could avoid being derailed by international markets increasingly dominated by a neoliberal agenda whilst creating policy space for a redistributive and public sector reform agenda. ‘Constrained discretion’ encapsulated this well, with fiscal rules and Bank of England operational independence constraining the Treasury in overall macroeconomic policy, allowing space for an expansion of welfare spending and reform. What went wrong was the neglect of the fiscal stance in what appeared to be a ‘golden period’ of growth and low inflation, rather than the lack of a restraining fiscal framework. Reimagining ‘constrained discretion’ against a far bleaker story for growth and the fiscal balance might be one way of convincing voters of Labour’s fiscal competence. An incoming Labour government will have to devote more effort to reconstructing the comprehensive spending review system. Major policy work is needed on the mechanisms for allocating resources to a devolution-max Scotland after the referendum, as well as making good on the process of allocating £30bn to the English regions.

Unfinished business on the economic policy ‘machine’

The single most significant shift in economic policy during the New Labour period occurred within days of the May 1997 election victory: giving operational monetary policy independence to the Bank of England. This legacy has survived. What has changed is George Osborne’s decision to add to

the Bank’s powers by giving it control of the regulation of the banking system. We have a single powerful monetary policy agent in the UK and it is located in Threadneedle Street and not Horse Guards Road. The economic policy machine is now unbalanced. However innovative and effective Mark Carney may be, he remains an unelected and relatively unaccountable economic policy supremo. At the very least the Treasury under Miliband and Balls will need to strengthen the Treasury’s oversight of the Bank, set up a clearer statutory framework, and work with parliament at strengthening the accountability oversight of the House of Commons Treasury select committee. A Labour chancellor should also end the absurdity of no TUC senior economist being seen as eligible to serve on the Bank’s monetary policy committee.

The Office for Budget Responsibility is an innovation of the coalition which deserves to be built on by an incoming Labour administration. It should be properly independent of the Treasury, coming under the jurisdiction of a Cabinet Office economic secretariat and housed outside the Treasury. It should be seen as an agent clearly removed from the chancellor’s jurisdiction.

A more radical agenda?

Crucially, the personal relationship between Ed Miliband as first lord of the Treasury and Ed Balls as chancellor must not repeat the mistakes of 1997–2007. This requires embedded structural change. An incoming Labour administration will need the official Treasury’s engagement and expertise, although the coordination of economic policy would be more effectively passed to No 10 and the Cabinet Office. The most radical solution would be the creation of a prime minister’s department, which would have at its core an economic coordinating function. British policy making has been characterised by a weak coordinating centre, and the ad-hocery of repeated add-ons to the Cabinet Office, in lieu of a properly resourced prime minister’s department.

The role of the chief secretary to the Treasury should also be strengthened. John Birt, Tony Blair’s ‘blue skies thinker’, mooted the creation of what would have effectively been the Office of Public Spending. The Birt plan was quickly shelved in the run up to the 2005 election, but there is a strong case to create a more clearly delineated Office of the Chief Secretary, supported by the second permanent secretary within the Treasury, with clearer rules of engagement. An incoming Labour administration would thus codify the importance of public spending constraint at the outset.

The reforms outlined would free the chancellor to focus on the role of the Treasury as an economics department, charged with spreading prosperity beyond London, improving productivity and more effectively regulating markets. The role of the department as a policy ideas machine, and foreign economic policy actor would also be given more prominence. These radical signals and structural changes to the central state need to be part of the package of an incoming Labour government, in order to reassure voters that the competence that marked the first ten years of New Labour will be the hallmark of its approach, against the current harsher climate. ■

Notes

1. Balls E, Grice G and O’Donnell G (eds), *Microeconomic Reform in Britain: Delivering Opportunities for All* HM Treasury (Palgrave, 2004), pp.18–19.



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Brave new world

Mark Ferguson outlines five ways Labour could be both radical and credible



Mark Ferguson is editor of LabourList

LABOUR'S POLICY DEBATE has changed in recent months. A year ago, it was still credible to say that the party had no policy, that a 'blank sheet of paper' was all that stood between the party and the electorate. Now Ed Miliband can point to an assortment of policies and initiatives which Labour would take forward in government. A set of policies that could form the basis of a decent first Queen's Speech has been assembled. Now consideration of how Labour can win next year turns on whether you think the party is able to sell its vision of a better Britain. Labour's policy chief Jon Cruddas would call it "contesting the national story". Another senior Labour figure recently recounted an activist telling them that Labour "has all the baubles, but doesn't have a tree to hang them on".

Growing that tree is still a work in progress. Cruddas himself spelled out what a future, hopeful Britain might look like

when he spoke to the RSA recently. Miliband has come close in his last two conference speeches, and his lines around the 'promise of Britain' resonated with me, if not perhaps with the wider public, as they soon disappeared from sight.

But whilst building the wider architecture around Labour's message is a key task for the year ahead, it's not, I'm afraid, the only task. The Labour party is currently failing to excite the electorate because there isn't a wider message that goes beyond individual policies to explain what a better Britain might look like. But the lack of enthusiasm amongst the electorate is also thanks to a policy offer that still underwhelms. Britain needs big change, but the plans currently outlined by Labour don't yet look big enough. So what might Labour promise in the year ahead that has the potential to enthuse the British people? Here are five suggestions for starters:

1. Housing

Ed Miliband has already committed Labour to building 200,000 homes per year by 2020. It's not nothing – but it's some way short of the big housing offer that Labour needs if we're to solve the housing crisis. The widely accepted number of new homes required to meet the nation's shortfall is one million. Promising to build fewer than that risks allowing the problem to get worse before it gets better. So let's talk about how to build those million homes. Let's talk about making 'homes for all' the core promise of the next Labour government. Ed Balls has talked about allocating funds from the 4G-spectrum sale to build 100,000 more homes, but that's small fry – so let's continue that approach until we hit the magic million mark. Let's have as a key aim of the party's 'zero-based spending review' to find the money for a million homes. It's a daunting number, but an eminently achievable target – and if Miliband truly wants to make inequality his big cause, then there's no greater issue than whether you have a home to call your own.

2. Rail

Only a few weeks ago, the chances of a deal on rail seemed close. In fact, of all of the demands from activists and affiliates alike that Labour has faced in the run up to the party's big National Policy Forum meeting in Milton Keynes, rail seemed one area in which the party could fulfil. Taking privately operated franchises back under some form of public control as they expire allows for a gradual and low-cost renationalisation of an expensive and over-subsidised rail network – and it's a policy that's popular with the public too. And yet a briefing to the *Guardian* recently suggested that Labour was set to announce the far less radical policy of allowing a 'public sector comparator' in future franchise bids. That might be a reasonable compromise to assuage the concerns of leadership, activists and unions alike, but although it's possibly "credible", but it's nowhere near radical – and whether or not it's practical is open to debate. Labour should instead pledge to return railways to public ownership over the next decade and invest profits in keeping fares more affordable – but devolve decision-making and control to passengers and local regions. Neither a return to British rail nor the current untrammelled free market are the answer for our rail network.

3. Wages

The Labour leadership has already indicated that a significant increase to the minimum wage is on the cards under a Miliband government. For sensible reasons, they've decided that picking a number that seems arbitrary and setting it as the national minimum wage would put the proposal under immediate attack. But not having a defined level for a higher minimum wage means such claims can lack both clarity and credibility. Announcing that Labour will raise the minimum wage to match the living wage over the course of the next parliament is both ambitious, clear and achievable. Research has shown that job losses (the perpetual excuse for allowing poverty pay) would be minimal, and that the increase in disposable income in the economy could create jobs. And if Labour is a 'moral crusade' – then surely ending poverty pay over the course of this decade is a worthy cause?

4. Jobs

Labour already has a strong range of policies when it comes to jobs and work. There's the jobs guarantee, there's training for young people who need it, vocational training and technical colleges. But the party has danced around what could be a transformative pledge – full employment. Now that doesn't mean a job for everyone, all of the time. But it does mean that Labour would be making a symbolic pledge to end long-term unemployment. That's the logic behind the jobs guarantee (that there's work for anyone who wants it but can't get it). Liam Byrne made some noises about full employment during his time in the shadow work and pensions brief. It's time to bring back the language of full employment – and the aim of ending the social and economic scourge of perma-unemployment – because it's the communities that Labour was founded to represent who suffer most in a world where work means bouncing in and out of low-paid jobs. A proper strategy for reinvigorating manufacturing (something Labour has been quite quiet on) could be a significant part of such a plan.

5. Social care

We're all getting old, that's a truism. But the British population as a whole is getting older. There are two ways to deal with an ageing population – encourage people to have more children, or encourage lots of young, educated immigrants to move to the UK. Neither of those seems politically feasible at the moment. So instead we must solve the riddle of how to pay for the care (not to mention pensions) of a larger number of older people in a time of constrained public finances. All of the right noises have been made about merging health and social care, about building a National Health and Social Care Service and providing quality care for those who need it most. So let's revisit an inheritance tax levy to pay for social care. Let's deliver a nationally guaranteed social care service – funded nationally but delivered locally (preferably without private sector profiteers providing a low-wage low-quality service).

Labour can – and must – deliver a radical manifesto for 2015 that holds within it the promise of a better future for the British people. It must inspire hope. It must encourage those that see Labour as a vehicle for progressive change. It must speak to the angels on the shoulders of the electorate. And yet it must also be hard-headed, and practical. It must promise change without either spendthrift or uncosted promises. In short, it must promise better choice, not goodies for everyone that someone else must pay for.

Socialism, after all, is the language of priorities. But a constrained financial climate need not be an excuse to avoid radicalism or to offer a scaled down and limp version of the status quo. These are just five of the areas in which Labour can and should be far braver in the year ahead. When trying to convince the British people that you have a plan to make their lives better, sometimes a little radicalism can go a long way. ■

The Fabians recently hosted a series of member policy workshops to inform Labour's policy review. Read the conclusions here: www.fabians.org.uk/agenda-2015-conclusions/

The case for the Human Rights Act

The Human Rights Act should not be viewed suspiciously as a burden, but promoted as an instrument of social cohesion and public purpose, argue *Keir Starmer* and *Francesca Klug*



Keir Starmer QC is a human rights lawyer. He was director of public prosecutions 2008–13 and is now advising the Labour party on victims' rights



Francesca Klug is a professorial research fellow at the LSE Human Rights Centre where she has run a project monitoring and evaluating the Human Rights Act for many years.

THE HUMAN RIGHTS Act 1998 (HRA) is a very simple statute. It works like any bill of rights in allowing individuals in the UK to enforce their rights in their local courts. It also requires public authorities to respect the rights of those they serve. Part of Labour's 1997 commitment to a new constitutional settlement, it represents a new way of thinking about law, politics and the relationship between public authorities and individuals.

The rights protected by the act are also very simple. They include the right to life, liberty and the right to a fair trial; protection from torture and ill-treatment; freedom of thought, conscience, religion, speech and assembly; the right to marry; the right to free elections; the right to fair access to the country's education system; and an overarching right not to be discriminated against.

Pretty basic stuff, you might think. And you would be correct. The rights protected by the HRA are mainly drawn from the 1950 European convention on human rights, which was a way of saying 'never again' when the full horrors of the second world war were laid bare. A simple set of minimum standards of decency for humankind to cling onto for the future.

Against that background, it is perhaps surprising that the fate of the HRA is likely to be a hot political issue in the run up to the general election next year. The position of the Conservative party was made clear by Chris Grayling, the justice secretary, when he revealed late last year that "replacement" of the HRA would be part of their election campaign. The only thing that has held them back during this government has been the opposition from Liberal Democrats to any watering down of it or our commitment

to the European convention. The Labour party, for its part, has been equally clear that it intends to retain the HRA. Sadiq Khan, the shadow justice secretary, was trenchant last October when he pledged that "Labour is determined to fight hard ... to keep the Human Rights Act and continue to be signatories to the European convention on human rights".

The outcome of the local and European elections, followed by the recent Conservative reshuffle, has now intensified the debate. The UKIP challenge will no doubt push the Conservative party to further distance itself from the obligations under the convention, which is still frequently wrongly described as an EU treaty. It also has the potential to unsettle Labour and tempt some to downgrade the party's commitment to the HRA. That would be a grave mistake for a party which not only introduced the HRA but which also oversaw the ratification of the European convention on human rights under Clement Attlee.

Time then to meet the challenge head on, to hold the arguments for repeal up to the light and to expose them for what they are: mischief and myths.

A victims' charter not a villains' charter

Although some defendants have been able to rely on the HRA to their advantage in criminal cases, by and large, the impact of this has been no more than a tweaking of our current rules and approach. There has been no fundamental shift in defendants' rights and most of the HRA challenges brought by defendants in our courts have failed. Those that have been successful have usually involved issues that many would regard as fundamental to our justice system,

such as overturning indefinite detention of foreign terror suspects without charge or trial, and the ending of the automatic removal of toddlers from their mothers in prison.

What the HRA has done is herald a new approach to victims' rights. Before the HRA, there was no right to an effective investigation into serious allegations of criminal wrongdoing. Even where the police clearly and obviously failed to protect victims or to investigate properly, the common law offered nothing. The 'positive obligation' to protect life and limb found in the HRA changed all that. Often after many years of struggling to be heard, victims now have a right to have serious allegations taken seriously. Child victims of trafficking, women subjected to sexual violence, prisoners who have died in custody, those with vulnerabilities that inhibit reporting of abuse: all have benefitted from this fundamental change in emphasis. And some families of British soldiers have been able to secure inquests into their deaths in cases where inadequate care or protection may be involved.

The HRA has also changed the approach in the prosecutor's office. Victims can now challenge the Crown Prosecution Service (CPS) if they decide not to bring charges in their case relying on the HRA. And that has led not only to better decision-making but more generally to much better policy-making in the CPS. The impact in court has also been dramatic. Victims, once voiceless in the process, can now have their rights and interests taken into account. Protective measures for victims are one example, but there are others, including the right to have some degree of control over the disclosure of sensitive medical notes.

It is often thought that civil liberties and human rights are two sides of the same coin but this can be misleading. Whereas civil liberties generally protect individuals from the state by restricting interference in our affairs, human rights also oblige the state to take positive steps to protect us in certain circumstances.

This distinction is important. Such 'positive obligations' are the only viable source of victims' rights and the common law has struggled to achieve this level of protection. Those who advocate the repeal or replacement of the HRA risk turning the clock back, or, at the very least, impeding the progress made in victims' rights.

Unfettered executive action?

Some within the Conservative party would have us believe that repealing the HRA and/or withdrawing from the European convention on human rights would free up the government to remove foreigners from the UK at will, regardless of any threat they face of death, torture or ill treatment, or serious impact upon children left behind. But that argument simply does not withstand scrutiny.

As a leading light in the UN, the UK has long recognised the importance of the international obligations, spawned by the 1948 Universal Declaration of Human Rights, which bind like-minded states together for the collective good of all. That is why the Thatcher government ratified the UN Convention against Torture and John Major ratified the UN Convention on the Rights of the Child in 1991, which requires children's interests to be central to any decisions affecting them, including the impact of separating them from parents facing deportation. Unless David Cameron is prepared to renounce these core UN commitments entered into

by his predecessors, the threat to renounce the European convention is nothing more than spin and window dressing.

Labour should call the Tories' bluff on this. The prospect of the UK being in constant breach of fundamental UN human rights obligations is unedifying and fundamentally at odds with the frequent FCO declaration that "human rights, democracy and the rule of law are at the heart of the government's foreign policy". There must be a high level of embarrassment at the FCO when government ministers ritually denounce the European Court of Human Rights whilst instructing the rest of the world, including other European states, to respect 'the rule of law' and our collective international human rights obligations.

Relations with Strasbourg

Chris Grayling has made the relationship between our courts and the European Court of Human Rights in Strasbourg the cornerstone of his attack on the HRA. He claims that our courts are no longer free to decide the cases coming before them because of interference from the Strasbourg court. But he overstates the case and, in doing so, he distorts the argument.

The HRA simply requires our courts to 'take into account' the decisions of the Strasbourg court. It does not require them to apply or follow those decisions. As the former Labour Lord Chancellor, Lord Irvine, has argued, the language is clear and unambiguous. Judges are not bound to follow the Strasbourg court: they must decide the case for themselves.

Parliamentary and legislative history bear this out. When introducing the human rights bill in parliament, Lord Irvine was clear that it would "allow British judges for the first time to make their own distinctive contribution to the development of human rights in Europe". As the late Lord Bingham rightly pointed out, it is a contribution which, before the HRA, British judges were not permitted to make. So when Chris Grayling argues that he wants to make our courts 'supreme' again, this is both misleading and mischievous. As the president of the Supreme Court has only recently said, our Supreme Court is already supreme in that it is free to decide cases its own way. But under our system of parliamentary democracy, carefully maintained by the HRA, only parliament is supreme on domestic issues – a constitutional predominance that the Tory party is least likely to try to dilute.

Anyway, the argument should not become fixated on what happens in court. Although practice is uneven, an inquiry by the Equality and Human Rights Commission demonstrated that the HRA has quietly but effectively influenced the everyday practice and procedure of a range of public authorities, from the police to social workers, care homes to mental health hospitals. These are developments to be proud of and which UKIP and the Tories would openly like to overturn.

The case for the HRA is a strong one. It is a moral case based not only on learning from the history of some of the worst violations of human rights before and during the second world war, but also on the here and now. If a new settlement based on social inclusion and greater equality is to be reached, the HRA should not be viewed suspiciously as a burden, but promoted as an instrument of social cohesion and public purpose. ■



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In trust

The planning system enables developers and landowners to make large profits while the public sector struggles with infrastructure costs and making homes affordable. Any new housebuilding policy should keep control over land and retain its value for the public good, argue *Steve Bendle* and *Pat Conaty*



Steve Bendle ran a large housing association in London but has for the last 10 years worked as an Enterprise Fellow at the University of Salford and set up Community Land and Finance CIC, part of Resonance Limited

Pat Conaty is a fellow of New Economics Foundation and a research associate of Co-operatives UK

A HOUSE PRICE BUBBLE has once again spread out from the south east, bringing havoc to ordinary households trying to find somewhere to live, not to mention to the economy itself. The main reason is the shortage of housing, estimated at two million homes.

Another is the ready income to be earned from buy-to-let, which generates for its investors not just annual income but annual capital growth. Growth in the economy over the last five years has benefited those who were already well-off and enabled them to buy even more property to rent or just to hold.

Labour has set up the Lyons Review to identify how the current housing shortage might be addressed by building 200,000 new homes a year by 2020. The problems are considerable: lack of stock, unaffordable prices, lengthening waiting lists, a housing benefit bill of £17bn, which dwarfs investment in new houses of just £2bn over 3 years. The coalition's response has been to attack security of tenure and hike rents in social housing, in order to try and squeeze more use from what remains after the devastation caused by Mrs. Thatcher's discounted right-to-buy sale. In 1981 there were 5.6 million council and housing association properties. By 2011 there were only 4 million, against a UK population that had grown by a further 6 million since 1981.

We would argue that the scale of these problems demands major change not minor tinkering. Three examples make the point about how the present system fails.

First, say insufficient land has been identified in a local planning authority's core strategy to enable housing demand to be met. The local planning authority then suggests different locations around the urban area. Developers take out options on all the land under discussion. When the choice is finally made – a black line on the map which may transform the value of the land within it from £10,000 per acre to £2 million per acre – both the landowners and the developers make substantial profits. The public sector, meanwhile, is left having to foot the bill for the infrastructure and many of the affordable homes.

Second, the government puts redundant out-of-town NHS hospitals or former MoD sites on the market to sell to the highest bidder. The developer's plans are to maximise profit, minimise the proportion of affordable or social homes, and avoid the complications inherent in trying to attract and include workspace or strategic employment opportunities. Developers regularly argue that the inclusion of such elements is making their development 'non-viable' and, with limited practical and market knowledge, local planning authorities are ill-equipped to resist.

Third, government funds new infrastructure – a new road or rail line. Values along the route are greatly enhanced. No attempt is made to re-coup this value or to use it for the general good. For example, following completion of the jubilee line, it is estimated that property within 1,000 yards of eleven new stations rose in value nearly fourfold, from £3.5bn to £13bn. The line itself cost £3.5bn but it was local property owners who received the benefit. If joint ownership had been taken of this property through a 'community land bank' (CLB), which purchased and leased back the property to the original owners, mechanisms could have been built in which allowed the private owners a fair return and the opportunity to invest but used the excess surplus value to create community value.

So the planning system enables developers and landowners to make large development profits, while the public sector is left struggling to secure a contribution to infrastructure costs or to deliver a proportion of homes that can be afforded by those on average incomes or below. 'Affordable' homes may be a misnomer too: in some cases, they are the least the developer can get away with while still meeting a planning condition. At worst they could be homes sold at 75 per cent of a very high open market value. The coalition's redefinition of 'affordable' to mean 75 to 80 per cent of market value instead of the 40 to 60 per cent level deepens the poverty trap and inflates the housing benefit bill.

The problem lies in the way land is dealt with. The government ignores how planning decisions and infrastructure construction decisions give away the development value created instead of retaining it for the public good.

Nor does it see the land already held by the public sector (and housing associations and community land trusts) as assets to be used for the long-term benefit of local communities.

Successive attempts to change the planning system have failed or been given up in the face of industry resistance and circumvention. 'Planning gain' used to be the term for ensuring new development contributed to infrastructure. In the 2000s 'section 106' agreements succeeded for a time in delivering a proportion of affordable homes but this objective competed with the funds also wanted for roads, schools and hospitals. Agreements were always liable to challenge by developers on viability grounds. The 'community investment levy' (CIL) was the next idea but all these have now been downplayed or cast aside by the coalition, which has succumbed to the argument that high land values have put too much pressure on what schemes can deliver.

We would argue that direct land ownership is key. Three examples illustrate a better way forward.

1. First Garden City Limited acquired land by act of parliament in 1903 and began developing Letchworth Garden City. It has undergone changes, and has had to resist nationalisations and privatisations, but today the Letchworth Garden City Heritable Trust owns £56 million worth of offices, shops and business units, the rent from which is used for the foundation's community development and charitable purposes for the benefit of the community. The rented homes still exist, although subjected to right to buy and transfer to housing associations.

2. Coin Street Community Builders (CSCB) on the South Bank in London were entrusted by the GLC with a large development site of 13 acres. This was sold to them in 1984 for a below market price of £1 million on the basis that CSCB would develop the land asset in the most effective ways with community benefit a clear objective. And they have succeeded: the site now includes artist studios in and around the Oxo Tower, street markets, restaurants and affordable co-operatively managed housing. It has become both a community and a major contributor to the revival of this part of London. CSCB has retained the freehold and will be able to continue to direct the development of the area into the future as well as receiving retail income.

3. Community Land Trusts (CLTs) take their inspiration from the USA where the best known is Champlain Housing Trust in Burlington, Vermont. Like many US cities, the centre of the town had gradually been replaced by vacant lots as people and businesses moved to the suburbs. The city council began transferring vacant land and buildings often without requiring any financial payment to a new community-led body, which developed them into rented and part ownership homes, shops, offices and restaurants, often with innovative ideas about the role an existing building might play. New residential owners and shared owners were equipped to take on ownership through training and advice. The increase in the value of the home over time is shared between the part-owner and the trust so that when the part-owner moves on, the trust is able to re-sell the shared ownership home at a level which is as affordable as the original home.

Other American CLTs have followed the Burlington example and the housing security of CLT homes is notable. Throughout the USA housing crisis that triggered the worldwide banking collapse when prices fell sharply, foreclosures were rife in 2009 – ranging from 15.6 per cent for sub-prime loans and 3.3 per cent for prime loans. But this was not the case for CLTs, where foreclosures remained below 0.6 per cent.

In the UK there is the beginnings of a CLT movement that has already delivered some 200 homes. At High Bickington in Devon, county council land has been developed to provide affordable homes, workspaces, a community centre and homes for sale. No payment for the land was made up front but on completion the CLT should deliver a payment of £0.75 million and retain £0.25 million as a legacy. And in Scotland, land reform legislation has enabled communities to buy back their freeholds and reverse years of decline. Trusts in control of the islands of Gigha and Eigg have increased housebuilding, installed community wind power, revived local businesses and as a result increased school rolls and saved local schools.

Control over land is the key component that all these initiatives have in common. Retaining control over land should be a strong element in any new policy, if not the most important one. We would advocate the following.

First we should set up more garden cities and garden suburbs which follow the definition agreed by the Garden Cities Association (now the TCPA) in 1919:

‘A Garden City is a town designed for healthy living and industry of a size that makes possible a full measure of social life but not larger, surrounded by a rural belt; the whole of the land being in public ownership or held in trust for the community.’

The land for the new city should be assembled not at the value it acquires once planning permission is granted but at its existing value. The rise in value that comes from the planning should be retained and held in trust to deliver community benefits into the future, as Letchworth Garden

City demonstrated how to do. The affordable homes should remain affordable by limiting the proportion of any growth in value to which an owner is entitled, as CLTs do in the USA. And the land for commercial development should be leased for 20–25 years to provide enough return for the investment but to retain the surplus value for the community.

Second, we should not construct new infrastructure without a mechanism to share its costs with the property owners who benefit or to create a mechanism such as a co-operative land bank, through which profits are shared more fairly between the state as investor and the landowners.

Third, land already owned by the public sector should be seen as a resource for creating communities and employment, not as something to be sold off.

Fourth, communities should be supported to enable them to learn how to take on and control other developments that would fulfill community plans, or on a smaller scale, parish or town plans. John Prescott tried to make planners think proactively, to create spatial

plans to deliver what their communities need and then to agree only developments that meet these needs. Few planning authorities embraced this idea and most have now reverted into the traditional reactive role.

Expertise is a key requirement to allow proactive approaches to flourish. Some of this existed in previous government initiatives, like English Partnerships or regional development agencies (another Prescott initiative). At the local level housing associations used to have property and community development skills.

The other key requirement is finance. In the USA in a growing number of local authority areas, City-CLT partnerships have been developed to promote the mutualisation of land, and land stewardship and local management solutions. Irvine Community Land Trust is the most ambitious urban CLT with a master plan well underway since 2006 to build 5000 ‘permanently affordable’ homes by 2025 on a redundant military base. Evergreen Co-operatives in Cleveland, Ohio is working in a city partnership which has a public procurement of \$3bn yearly and is utilising CLT methods and a community development finance fund of \$200 million that is invested patiently at one per cent.

In the UK, new community-led organisations have been able to use smaller social and ethical banks such as Charity Bank, Triodos Bank, Unity Trust and Ecology Building Society. Major UK charities too have also begun to experiment in investments rather than grants that generate a small financial return and a significant social one. The community investment mechanism which enables individuals to invest directly in local provision such as community water or wind energy generation also has great potential to provide investment.

These social banks and community funding mechanisms need greater encouragement and support. A public development bank, with a regional rather than a national focus, could also help fundamentally. Such a body could work hand in glove with the existing network of social banks, plus the 50 regional community development finance

In the UK, new community-led organisations have been able to use smaller social and ethical banks such as Charity Bank, Triodos Bank, Unity Trust and Ecology Building Society



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institutions in the UK. Germany shows how to operate such a social investment partnership. But key here is what Keynes called patient, cheap money, which he argued was long-term, low-cost capital for public policy purposes.

The German KfW public bank, set up in 1948 under the Marshall Plan, is a unique example of such an entity. KfW is not a direct lender but provides capital at one per cent to local co-operative banks and municipal savings banks to locally invest. These in turn make loans at 2.65 per cent to homeowners and small businesses to create jobs and to reduce energy waste and carbon. The German programme is now on a national scale and investing €1bn a year. This programme has created and is supporting 368,000 construction jobs, upgrading the housing and commercial infrastructure of the country. Packages of energy conservation and renewable energy measures are tailored to realize rigorous carbon reduction savings.¹

KfW operates on a national scale. Its commitments amount to €10bn a year and leverage an additional €17bn annually in energy efficiency investment, new build and retrofits to Germany's housing and commercial infrastructure. Since 2001 more than 2.5 million homes have been upgraded to high-energy savings standards. The current annual upgrade volume is more than 358,000 units. Germany is on target to cut carbon emissions from homes and commercial buildings by 40 per cent by 2020 and by 80–95 per cent by 2050.

As these inspirational examples show, the community land trust mechanism and a co-operative capital innovation (like in Germany and in Cleveland) is more than a means of capturing the value created by the grant of planning permission or the construction of infrastructure. We would draw the parallel with the idea of an operating system and the 'apps' that can be devised to use it.

The operating platform is the community-owned or controlled land and the revolving co-operative capital

finance. The apps could be a wide range of emerging types of organisation that involve community engagement and leadership including co-ops, community land trusts or co-operative land banks at the Garden City scale. What these co-operative place making social enterprises could deliver is wide-ranging but could include renewable energy, community food and agriculture, social care co-operatives, car share schemes and community transport.

Winston Churchill, writing in 1909, argued against the monopoly power of land ownership:

"Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains – and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people... To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is sensibly enhanced."

Churchill ends his piece with a quote from Richard Cobden, an ardent and successful free-trade campaigner in 1845: "You who shall liberate the land will do more for your country than we have done in the liberation of its commerce."

We can only hope that 100 years after Churchill's insight and nearly 1,000 years after William the Conqueror concentrated land ownership in the hands of a few, we will finally get the land and spatial planning system we need. ■

Notes

1. Gudrun Gumb (2012) 'Financing Energy Efficiency in Buildings – the German Experience', KfW paper presented at the International Workshop on Financing Energy Efficiency in Buildings, Frankfurt, 16–17 February 2012.

Under the radar

Unlike many of her peers in Labour's precocious 2010 intake, Lisa Nandy has been spared the media glare. *Mary Riddell* meets the Wigan MP whose authenticity and decentralising inclinations have seen her described as 'Cruddas 2.0'



Mary Riddell is a columnist for the Daily Telegraph



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LISA NANDY IS the invisible woman of Labour politics. Unlike many of her female colleagues on Ed Miliband's frontbench, she has maintained a profile that verges on the subterranean. Outside the Westminster bubble (to which artificial vacuum she does not warm) and her Wigan constituency, many people have never heard of her.

And yet political observers are talking about Nandy. She is "leadership material" says one. Another, remarking on her affinity for the ideas of the policy reviewer, Jon Cruddas, defines her as "Cruddas 2.0." In possibly the greatest compliment of all, a third thinks that "she looks and sounds like a voter."

In other words, Nandy does not conform to the pattern under which Labour apparatchiks, having served their apprenticeships, mutate into politicians after barely a brush with the real world. The child of an Indian father, and one of a handful of Asian MPs, she has never been a special adviser, never studied at Oxbridge and fits seamlessly into the working class constituency that elected her in 2010.

That said, Nandy is not exactly of shipwright stock. Her grandfather, Lord Byers, was a Liberal life peer, her mother is a Labour councillor, and her father "is a Marxist who hasn't changed his ideas one jot since he was 17 years old. He thinks I'm incredibly right-wing and [one of the the] establishment." Despite, or because of, her eclectic political background, she is blessed – at least according to her admirers – with that rarest of political virtues: authenticity. The question, as one insider puts it, is whether "someone like her can jump through the necessary hurdles" to get to the top of politics. When we meet, during a sunny afternoon on the House of Commons terrace, it is clear that Nandy treads the line between non-conformism and loyalty with some care.

"I'm not particularly a tribal politician. I believe in Labour – but I believe in it because it is the best vehicle we have for social justice. Jon Cruddas said something that really struck home to me about the risk of Labour descending into that kind of shrill, sour hopeless sort of politics [practised by many of Labour's opponents]. He said that if it did so, it would die and deserve to die, and I think that is right. The party is only as important as what we can do for people and what we stand for."

While many in Labour would attest to that analysis, few newish frontbenchers might express it quite so forcefully. Nandy, however, was trained not in the school of sinuous public tact but at the sharp end of the voluntary sector. "I was working with some of the most disadvantaged children and young people in the country, and then with refugee and migrant children who are horribly discriminated against. When you represent people, you can't be tribal. You have to work with whoever you can to get change; that's your responsibility. So I have worked here with Tories, Liberals, Greens."

Her empathy with those who face discrimination must stem in part from her own childhood. Her father, a former university lecturer in English literature, "got drawn into the race relations struggle. I once asked him how he got involved with that, and he said: 'It involved me – because when you can't walk into a pub, or find anywhere to live, when you get abuse as you walk down the street with your wife, then you haven't really got a choice.'"

Nandy, the erstwhile campaigner for children, was quick to raise the role of the whips in the Westminster sex abuse allegations. She reminded the Home Secretary of how the former Tory whip, Tim Fortescue, told a TV programme how MPs in a "jam" would solicit assistance. "It might," he had said, "be debt... it might be a scandal involving small boys... they'd come and ask if we could help, and if we could, we did."

Asked by Nandy if the inquiry set up by the prime minister would focus on the heart of power, Theresa May replied: "It's not my intention that political parties should be outside the scope of the inquiry." After she had put the question, a fellow parliamentarian, not from Labour, took Nandy aside and rebuked her.

"This person said: 'Don't you think that raising that issue about what goes on behind the scenes brings politics and politicians even further into disrepute?' I think that it's the very opposite – that the lack of willingness to be transparent is what [is so damaging]." "Was she satisfied with May's answer?" "No, not really. She waffled on for a bit, but I think she was distinctly nervous."

Nor is Nandy hopeful that, if and when a non-establishment head is found to replace Elizabeth Butler-Sloss, the inquiry will have full access to all necessary material, such as records held by the whips' office, given MPs' individual exemption from the Freedom of Information Act. "This is exactly what happened with Hillsborough. 24 years later, you've got those families standing in court fighting for the truth to come out about what happened to their loved ones. It hasn't been thought through, and someone needs to get a grip of it."

Even in its current incarnation, the Palace of Westminster strikes Nandy as arcane. When Harriet Harman spoke recently of how she felt sidelined in Gordon Brown's government and ostracised by fellow parliamentarians in her early days as an MP with a small baby, her speech struck a chord with Nandy, who was in the audience.

"One of the things she said was though we've come a long way, there are still huge challenges for women coming in here. Arriving here from a modern workplace was a huge shock for me. I'd never experienced that sort of sexism at work. You hear quite gender-specific comments. 'She's very shrill' is something that's said about women MPs, and there's no question that this place needs to change more quickly. The real problem, as Harriet said, is that you get groupthink. We spend a lot of time here – far too much time, in my view – rather than with the people we represent."

The recent Tory reshuffle saw the demise of Nick Hurd, who, as civil society minister, was Nandy's opposite number and an architect of the original big society agenda. "I disagreed with him but I respect him. The real tragedy behind the headlines of the reshuffle is the loss of that more thoughtful wing of the Tory party, who have been almost exclusively eradicated from the frontbench now."

She is sceptical about the merits of the women whose promotion eclipsed the putsch of the last one nation Tories. "There still aren't enough women, but if you look back, women's situation got dramatically worse when Margaret Thatcher was prime minister. It's not just about getting women into those jobs, though that's important, but it's also about what they are going to do collectively for [other]

women. There is a real blind spot in the Tory party about the systemic things that hold women back.”

On the lack of affordable childcare, one such factor, she is scathing of the work done by Liz Truss before she was promoted to the environment brief. “Decreasing the quality of the offer to try and make it cheaper does absolutely nothing to tackle the real problems. But she’s a free marketer, isn’t she? Break up the regulations, let the market decide; that’s not good for children. I was quite relieved that she didn’t get education. That would have been a real disaster for kids.”

Nor is Nandy impressed with Michael Gove’s successor, Nicky Morgan. “She’s completely unknown. What’s she going to do? Probably just keep going with the Gove agenda.” The Eurosceptic slant of the rebooted cabinet will, however, appeal to a large section of the electorate, some lost Labour voters among them. How will Labour meet that threat?

“It’s a big challenge, because it means we have to be the voice of kindness, compassion and humanity and champion collaboration and collective endeavour. There is literally nobody else in the political scene who is going to do any of that.”

Some supporters thought – and continue to think even after Labour’s policy forum agreed the bones of a manifesto – that neither the tone nor the content of the offer meets those criteria. Does she have sympathy with Cruddas, with whom she works closely on Labour’s version of the big society, and who complained in a secretly-taped tirade of a “dead hand” at the party’s centre?

“I was there when he made those comments. He was making a broader point – don’t look to the centre but to your own communities and to yourselves. I’m not saying you don’t need political leadership, but Westminster politics has limits in terms of change. I certainly agree with [Jon] on that.”

But when Cruddas alluded to “cynical nuggets” of policy, he was specifically alluding to proposed changes in the youth benefits system. He was deploring, apparently, the fact that the IPPR’s *Condition of Britain* report, a compendious review of social policy in which he had been greatly involved, had been boiled down to what was reported as a punitive measure. Does Nandy share that frustration?

“The specific policy was, I think, a good one. I was as frustrated as Jon was about the way that ended up being reported by some of the media.” But surely those were the headlines that at least some in Labour hoped to garner as a demonstration of their rigour?

Labour, as Nandy asserts, has plenty of policies. “But what Jon’s done with the *Condition of Britain* report is to knit it into a coherent big picture. I can understand why he was frustrated that got lost in translation, but it’s a challenge for everyone in the party to communicate that.” But how, I ask again, is that to be done when Miliband, who launched the report, seized on one idea among so many?

Nandy’s response is that the themes in question are now embedded in the party. “If you listen to Hilary Benn, or

Andy Burnham, Sadiq Khan or Tristram Hunt, there is quite a common thread emerging. It’s a recognition from us that people feel disempowered and without control over their own lives and communities.

It will not be easy, Nandy agrees, to devolve economic power and give people more say and greater control. “It’s particularly challenging because transferring money from Whitehall to town hall doesn’t actually solve the problem.” Much as she applauds Miliband for “breaking up concentrations of power,” others in the party still worry that Labour has yet to tell a coherent story. Neither she nor

Cruddas could be accused of what Lord Glasman called “conformist mediocrity”, but does she accept that the threads of the Labour narrative have not fully been spun together?

“The question that parties have to answer is: what are you for? The story Jon’s telling is the answer – giving people more power and control. That’s not how the conversation starts on the doorstep, but people are absolutely crying out for some hope and leadership... Should we do more? Of course, always. But look how far we have come in the last four years.”

Will Labour win in 2015? “We’ve got to. I think it’s very close and very difficult to call, but we’ve got to.” Because of the consequences for the country or because a Miliband defeat would presage years in the wilderness for Labour? “If you lose, that’s always a risk, but the bigger risk is what happens to the country if we get five more years of this. We have to win the election,” she repeats.

Does she see much of Miliband? “I was on the parliamentary committee – a sort of shop stewards’ committee for backbenchers – when I was first elected, so I used to see him every week; a lot more than I have recently. But he is surprisingly accessible for a leader... The way he does politics is less about set pieces and much more about trying to have a conversation with the electorate. The media doesn’t really understand [that], but I think the public is starting to understand.”

Would Nandy, I wonder, like to lead her party one day? “There is absolutely no good way to answer that question, so can I excuse myself from it? If you say no, people think you lack ambition; if you say you do, then people will say; she’s power-hungry and crazy. The honest answer, and this sounds a bit trite, is that I don’t particularly want to be anything. I came into parliament because I was frustrated about the power structure in this country. I love the work I did in the voluntary sector, but in the end only politics can change it.”

Many people are watching, with interest, to see just how instrumental Nandy will prove to be in driving that change. This summer, she is planning a week’s holiday in Spain, where she will switch off from all things political. Asked what she is planning to read she cites Philip Roth’s novel, *American Pastoral*. “It’s the one about the girl who blows up the post office.” It is possible that (in a wholly benign fashion) Lisa Nandy will have a similarly explosive effect upon her party. ■

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Books

The public – and private – life of Roy Jenkins

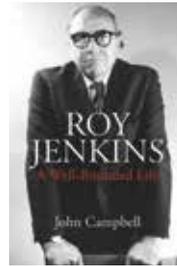
Dick Leonard reviews a new biography



Dick Leonard, a former Labour MP, is a journalist and author

The Fabian Society played a significant role in Roy Jenkins's life, and his contribution to its work was not inconsiderable. It was at a Fabian summer school at Dartington Hall in August 1940 that he met Jennifer Morris, whom he was to marry nearly five years later. A contributor to *New Fabian Essays*, published in 1952, when he wrote on "Equality", he served on the Executive Committee for a dozen or so years in the 1950s and 1960s. As a youthful deputy general secretary of the Society, during this period I was able to observe his activities closely, and I can testify that he was much the most efficient chair the Fabians have ever had. During his year in the chair, in 1957–58, he virtually halved the average length of executive meetings, without any of its members feeling that he had railroaded them or that the decisions reached were not clear-cut. I concluded that either he – or one of two other still youngish Labour MPs on the executive, Denis Healey or Tony Crosland – would one day become leader of the party. At the time, I thought that Healey was the most likely to make it, feeling that Jenkins was too shy and Crosland too unambitious to climb to "the top of the greasy pole", as Disraeli put it. All three were to have their chances, though Jenkins came closest, and would most probably have succeeded if Labour had not unexpectedly lost the 1970 general election.

As it was, he probably achieved more as a senior cabinet minister than anyone else in the post-1945 period, and arguably in the whole 20th century. As Home Secretary in 1965–67 he shepherded through a whole series of radical reforms, including the decriminalisation of homosexuality, the abolition of theatre censorship, divorce and abortion reform – all the subject of private member's bills, but which would have had no chance of being adopted if he had not enthusiastically backed them. Not for nothing was he widely acclaimed as the man who had civilised Britain. Then, as Chancellor of the Exchequer in 1967–70 he managed the economy with great skill, achieving the Herculean task of turning a large trade deficit into a healthy surplus in less than three years. It was not his

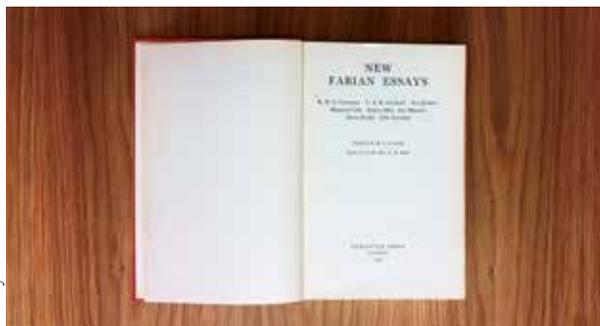


John Campbell,
Roy Jenkins:
A Well-
Rounded Life
Jonathan Cape
£30

fault that Labour was to lose in 1970, when Harold Wilson was stampeded into a premature election by misleadingly encouraging local election results and was then unhorsed by an aberrantly bad set of monthly trade figures released on the eve of polling day.

All this, and much more, is vividly described in John Campbell's official biography. He was not the first choice as author: Jenkins himself had selected Andrew Adonis, on condition that the book should be totally frank, and not published until after his death. Adonis enthusiastically embarked on the project, interviewing a large number of people who had been involved with Jenkins at every stage of his life. But he was recruited by Tony Blair as an adviser, and later as a minister (and continued as such under Gordon Brown), and felt he had to relinquish the project if it was not to be delayed for an unconscionable time. Dame Jennifer Jenkins then entrusted the task to Campbell, who had already written highly regarded biographies of Ted Heath and Margaret Thatcher.

Campbell fulfilled his mandate to the letter, covering Jenkins's somewhat unorthodox private life almost as fully as he did his public activities. Often described as a Whiggish figure, Jenkins appears in some respects to have modelled his life on those of earlier Whig statesmen, such as Earl Grey (of the Reform Bill), by taking an aristocratic mistress. Roy went one better – acquiring two, one the daughter of a duke, the other of the American billionaire publisher, Condé Nast. Both relationships, which occurred simultaneously, were lifelong affairs, condoned by Jennifer Jenkins and by their respective husbands, one of whom was a leading Tory MP (Sir Ian Gilmour) and the other a prominent Liberal, Mark Bonham Carter. Jenkins was a close friend of both of them, and in fact used his patronage powers as Home Secretary to appoint Bonham Carter as Chairman of the Race Relations Board. He later justified his choice by saying "I have never seen any objections to appointing friends ... providing they are good enough; and if they are not, maybe there is something wrong with one's choice of friends". Everyone involved showed



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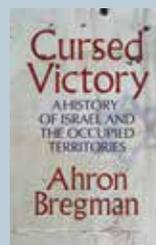
maximum discretion, and very few of Jenkins's political colleagues, and even fewer journalists, were aware of what was going on. Even so, Roy was extremely lucky to avoid exposure by the tabloid press. Campbell also reveals, without giving his source, that Jenkins and Crosland had not only been great friends but also lovers, during their pre-war days in Oxford. Neither man was to exhibit the slightest interest in their own sex during their maturity.

Campbell stresses the great influence of Roy's remarkable father, Arthur Jenkins, a former miner and union official, who served as PPS to Clement Attlee for eight years, following his election as MP for Pontypool in 1935, and in 1945 became a junior minister for a few months before his death, aged 64, in April 1946. The largely self-educated Arthur early formed an ambition for Roy to go to Oxford (where he himself had spent a period at Ruskin College), and it was during his three years at Balliol, in 1938–41, culminating in his achieving first class honours in PPE, that he formed most of the opinions and tastes which were to dominate the future course of his life. These included his love of wine and fine cuisine, which was much commented on when he assumed office. Far from contenting himself with a hurried sandwich in the ministry, he invariably insisted on taking a 1½ hour lunch break, which he would share with a wide variety of friends and acquaintances, many of whom were non-political. He also made a practice of knocking off at 7pm, and declining to take home red boxes to work on in the evenings. Yet no one ever accused him of being a slacker: he was adept at efficiently managing his workload, and got through his papers much more quickly and effectively than any other senior minister. His self-discipline was astonishing, and it was this which enabled him in a very busy life to bring out some two dozen books, several of them of great distinction. Perhaps the most remarkable was his 1,000-page biography of Winston Churchill, which he wrote in two years and completed at the age of 80.

Campbell shows a sure touch in describing Jenkins's career up to his second period as Home Secretary in 1974–6. His treatment of his subsequent period as President of the European Community is more superficial, but he recovers his form to deal with Roy's 'second coming' as leader of the SDP and later as an unofficial adviser to Blair. He makes it clear that his reconciliation with Labour went much further than his admiration of the party leader, and quotes Jenkins as saying "the main remaining object of my life [is] to promote a close Lib-Lab relationship". Jenkins died in 2003; had he lived until 2010 he would no doubt have been horrified by his party's decision to link up instead with the Tories. **F**

He makes it clear that his reconciliation with Labour went much further than his admiration of the party leader, and quotes Jenkins as saying "the main remaining object of my life [is] to promote a close Lib-Lab relationship"

FABIAN QUIZ



CURSED VICTORY
Ahron Bregman

Cursed Victory tells the story of Israel's troubled presence in the West Bank, Gaza Strip, the Golan Heights and the Sinai Peninsula since its sweeping victory in the 1967 Six Day War. Drawing on countless high-level interviews, never-before-seen letters and top secret memos, distinguished Israeli historian Ahron Bregman traces the evolution of the military occupation over four decades. Bregman provides a gripping and unvarnished chronicle of how what Israel promised would be an 'enlightened occupation' quickly turned sour, and the anguished diplomatic attempts to bring it to an end. He sheds fresh light on critical moments in the peace process, taking us behind the scenes as decisions about the fate of the territories were made, and more often, as crucial opportunities to resolve the conflict were missed.

Cursed victory is essential reading for anyone who wants to understand the origins of the ongoing conflict in the region. It provides vivid portraits of the key players in this unfolding drama, including Moshe Dayan, Bill Clinton and Yasser Arafat, yet always reminds the reader how diplomatic negotiations in Madrid, New York and Oslo impacted the daily lives of millions of Arabs.

Penguin has kindly given us five copies to give away. To win one, answer the following question:

What method of accounting was used at HM Treasury until 1783?

Please email your answer and your address to: review@fabian-society.org.uk

Or send a postcard to: Fabian Society, Fabian Quiz, 61 Petty France, London, SW1H 9EU



ANSWERS MUST BE RECEIVED NO LATER THAN FRIDAY 29 AUGUST 2014

Reviving Labour in Scotland

Scottish Labour's pride in both being Scottish and being a key part of the UK is key to renewal, writes *Sarah Boyack*



The turnout for the Scottish referendum on 18 September is likely to be much higher than any election in Scotland in recent decades. In local meetings and on the doorstep, people are interrogating the Yes and Better Together campaigns and asking what comes after the vote. There is a much higher level of campaigning than we've seen for years and sustained media coverage. But it's also been a divisive debate, and as we get closer to voting day we need to remember that on 19 September people on both sides will have to live with the result.

For the SNP the referendum is a historic opportunity to deliver a vote for separation. They have a majority in the Scottish parliament and have been ruthless in using it. Normal politics has been put on hold.

For Scottish Labour, on the other hand, the referendum is our chance to take the initiative and set out a vision of a powerful Scottish parliament working in partnership with the rest of the UK. Our crushing defeat in the 2011 Scottish elections followed an excellent vote for Labour in Scotland at the 2010 general election. And since the first Scottish parliament elections in 1999, a significant number of Labour voters have either not voted in the Scottish parliament elections or voted for other parties. The SNP's populist platform has been as successful in Labour's heartlands as it was in right of centre rural areas.

However, the last two years have seen us making progress and rebuilding support. The review of the Scottish party recommended that we put more effort into communicating our values, with a more inclusive policy process and greater emphasis on team work across Scottish Labour councillors, MSPs and MPs. We've also elected a new leadership team, and published the report of the party's Devolution Commission in March this year.

The 2012 local government elections saw solid progress for Labour, but it wasn't just due to our organisational success.

The SNP's centralising agenda was exposed with one leading SNP councillor suggesting that victory in the council elections would be a "stepping stone to independence". We countered this with a positive Labour vision centred on shared values of equality, social justice and solidarity. We focused on improving the quality of schools and social care, using council powers to create new jobs and boost training opportunities for young people.

Crucially, in a visible contrast to the SNP's top-down approach to government, our council teams set out their own manifestos with visions for their local areas. We won back support in areas where Labour been badly defeated a year previously, but also made significant gains in rural seats where we'd little or no history of support.

Historically, since devolution, the policymaking process for the UK elections has often come before the Scottish election campaign, leaving us only a few months to play catch up

Historically, since devolution, the policymaking process for the UK elections has often come before the Scottish election campaign, leaving us only a few months to play catch up. This time around we're much further ahead. In March, the Scottish Labour conference endorsed our paper 'Together we can' which outlines our aspirations for Labour values and policy. It has been dubbed our Red Paper, which, while not a mini-manifesto, has begun to set out our key areas. We also supported 'Powers for a purpose', Labour's Devolution Commission proposals which advocate devolving both more powers to the Scottish parliament and more responsibility for raising our income to fund services.

Devolution has enabled Scottish Labour to focus our political energy on tackling long standing social inequalities, investing in key areas such as health and education. However, instead of using the political powers of the Scottish parliament to protect people from the iniquitous bedroom tax policy, the SNP were prepared to use it as a hook to hang the Westminster government on – until we shamed them into action, that is. That year of SNP inaction was painful for thousands.

We're fighting the referendum campaign on Labour values too. We've been able to make the most of being part of the UK by benefiting from our shared institutions and markets. Our successful higher education and financial services sectors, our developing renewables industries and our food and drinks exports are successful because we're part of the UK – not in spite of it.

We want Scotland to have the best of both worlds, with a strong Scottish parliament responding to our policy needs and the benefit of the pooling and sharing of resources across the UK. As we approach the referendum date, the Scottish Labour party's pride in both being Scottish and being a key part of the UK needs to be matched by a determination to articulate how we believe power needs to be used and to reconnect with Scottish voters, reviving Labour in Scotland. ■

Sarah Boyack is a Labour MSP for Lothian. She contributed to the Scottish Fabians' pamphlet Ambitions for Scotland: New ideas. A new generation of politics. Find out more about the Scottish Fabians at www.scottishfabians.org.uk

SCOTTISH FABIANS

The Scottish Fabians were relaunched in 2012 as the Scottish Labour party began to address the challenge posed by the SNP and the forthcoming referendum. Their programme of events and publications aims to reinvigorate centre-left politics in Scotland.

Recent publications include:

'Towards the local: Devolution and democratic renewal in Scotland' edited by Trevor Davies (March 2014)

'Ambitions for Scotland: New ideas, a new generation of politics' with a foreword by Johann Lamont MSP (November 2013).

To read these publications, find out about their autumn events or to become involved with the Scottish Fabians, please contact info@scottishfabians.org.uk

Listings Summer 2014

BEXLEY

Regular meetings. Contact Alan Scutt on 0208 304 0413 or alan.scutt@phonecoop.coop

BIRMINGHAM

1 October AGM. 7.00 in Priory Rooms, 40 Bull St, Birmingham B4 6AF
Contact Andrew Coulson at Andrew@CoulsonBirmingham.co.uk

BOURNEMOUTH & DISTRICT

31 October. Dr Alan Whitehead MP on 'Renting Britain – Is Building Homes the Solution?'
Meetings at The Friends Meeting House, Wharncliffe Rd, Boscombe, Bournemouth at 7.30.
Contact Ian Taylor on 01202 396634 or taylorbournemouth@gmail.com
15 November. South West Regional Conference 'The many not the few: Tackling inequality in Labour's Britain' Miramar Hotel, Bournemouth
Contact Deborah Stoaite: debstoaite@hotmail.com

BRIGHTON & HOVE

Regular meetings. Contact Ralph Bayley: ralphf.bayley@gmail.com

BRISTOL

Regular meetings. Contact Ges Rosenberg on grosenberg@churchside.me.uk or Arthur Massey 0117 9573330

CAMBRIDGE

Contact Cambridge Fabians at cambridgefabians@gmail.com
www.cambridgefabians.org.uk
www.facebook.com/groups/cambridgefabiansociety

CENTRAL LONDON

Details from Giles Wright on 0207 227 4904 or giles.wright@fabians.org.uk

CHATHAM and AYLESFORD

New Society forming.
Please contact Sean Henry on 07545 296800 or seanhenry@live.co.uk

CHISWICK & WEST LONDON

28 September. John Newham on 'North Korea: A challenge for the rest of the world'.
All meetings at 8.00 in Committee Room, Chiswick Town Hall
Details from Monty Bogard on 0208 994 1780, email mb014f1362@blueyonder.co.uk

COLCHESTER

Regular meetings. Contact John Wood on 01206 212100 or woodj@madasafish.com

CUMBRIA & NORTH LANCASHIRE

Meetings, 6.30 for 7.00 at Castle Green Hotel, Kendal
Contact Dr Robert Judson at dr.robertjudson@btinternet.com

DARTFORD & GRAVESHAM

Regular meetings at 8.00 in Dartford Working Men's Club, Essex Rd, Dartford
Details from Deborah Stoaite on 0207 227 4904 email debstoaite@hotmail.com

DERBY

Details for meetings from Alan Jones on 01283 217140 or alan.mandh@btinternet.com

DONCASTER AND DISTRICT

New Society forming, for details and information contact Kevin Rodgers on 07962 019168 email k.t.rodgers@gmail.com

EAST LOTHIAN

Annual Garden Party on Sunday 10 August
Details of all meetings from Noel Foy on 01620 824386 email noelfoy@lewisk3.plus.com

EDINBURGH

Regular Brain Cell meetings.
Details of these and all other meetings from Daniel Johnson at daniel@scottishfabians.org.uk

EPSOM and EWELL

New Society forming. If you are interested, please contact Carl Dawson at carldawson@gmail.com

FINCHLEY

Enquiries to Mike Walsh on 07980 602122 mike.walsh44@ntlworld.com

GLASGOW

Now holding regular meetings. Contact Martin Hutchinson on mail@liathach.net

GLOUCESTER

Regular meetings at TGWU, 1 Pullman Court, Great Western Rd, Gloucester.
Details from Malcolm Perry at malcolmperry3@btinternet.com

GREENWICH

If you are interested in becoming a member of this local Society, please contact Chris Kirby at cckirby@hotmail.co.uk

GRIMSBY

Regular meetings. Details from Pat Holland at hollandpat@hotmail.com

HARROW

Details from Marilyn Devine on 0208 424 9034
Fabians from other areas where there are no local Fabian Societies are very welcome to join us.

HASTINGS and RYE

Meetings held on last Friday of each month.
Please contact Jean Webb c/o the Fabian Society, 61 Petty France

HAVERING

Details of all meetings from David Marshall email david.c.marshall@talk21.com tel 01708 441189
For latest information, see the website <http://haveringfabians.org.uk>

IPSWICH

September. Date and time TBC.
Dr Jenny Morris on 'Rethinking disability policy'
27 November. Lord Roger Liddle on 'The Europe dilemma'. 7.30 at Ipswich Library.
Details of all meetings from John Cook at contact@ipswich-labour.org.uk twitter.com/suffolklabians

ISLINGTON

Details from David Heinemann at dbheinemann@yahoo.co.uk

LEEDS

Details of all meetings from John Bracken at leedsfabians@gmail.com

MANCHESTER

Society reforming. Details from Rosie Clayton on mcrfabs@gmail.com
www.facebook.com/ManchesterFabians
Twitter – @MCR_Fab

The MARCHES

Society re-forming. If you are interested, please contact Jeevan Jones at jeevanjones@outlook.com

MERSEYSIDE

Please contact Hetty Wood at hettyjay@gmail.com

MIDDLESBOROUGH

Please contact Andrew Maloney on 07757 952784 or email andrewmaloney@hotmail.co.uk for details

MILTON KEYNES

Anyone interested in helping to set up a new society, contact David Morgan at jdavidmorgan@googlemail.com

NEWHAM

Regular meetings. Contact Tahmina Rahman at Tahmina_rahman_1@hotmail.com

NORTHUMBRIA AREA

For details and booking contact Pat Hobson at pat.hobson@hotmail.com

NORTHAMPTON AREA

If you are interested in becoming a member, please contact Dave Brede on davidbrede@yahoo.com

NORTH STAFFORDSHIRE

Any Fabian interested in joining a North Staffordshire Society, please contact Richard Gorton on r.gorton748@btinternet.com

NORWICH

Society reforming. Contact Andreas Paterson at andreas@headswitch.co.uk

NOTTINGHAMSHIRE

Details from Lee Garland at secretary@nottsfabians.org.uk
www.nottsfabians.org.uk
twitter @NottsFabians

OXFORD

Please contact Michael Weatherburn at michael.weatherburn@gmail.com

PETERBOROUGH

Meetings at 8.00 at the Ramada Hotel, Thorpe Meadows, Peterborough.
Details from Brian Keegan on 01733 265769, email brian@briankeegan.demon.co.uk

PORTSMOUTH

24 September. Maya Evans, 'Voices for creative non-violence'
22 October. Lord Roger Liddle on 'The Europe dilemma'
26 November. Sue Mullan on 'The NHS in Portsmouth'
Details from Dave Wardle at david.wardle@waitrose.com

READING & DISTRICT

For details of all meetings, contact Tony Skuse on 0118 978 5829 or email tony@skuse.net

SHEFFIELD

Regular meetings on the 3rd Thursday of the month at The Quaker Meeting House, 10 St James St, Sheffield, S1 2EW
Details and information from Rob Murray on 0114 255 8341 or email robertjmurray@hotmail.com

SOUTH EAST LONDON

Details of all meetings from Cllr Sally Prentice: sally.prentice@btinternet.com

SOUTH WEST LONDON

Contact Tony Eades on 0208487 9807 or tonyeades@hotmail.com

SOUTHAMPTON AREA

For details of venues and all meetings, contact Eliot Horn at eliot.horn@btinternet.com

SOUTH TYNESIDE

For information about meetings please contact Paul Freeman on 0191 5367 633 or at freemanpsmb@blueyonder.co.uk

SURREY

Regular meetings at Guildford Cathedral Education Centre. Details from Robert Park on 01483 422253 or robert.park.woodroad@gmail.com

TONBRIDGE and TUNBRIDGE WELLS

For details of meetings contact John Champneys on 01892 523429

TOWER HAMLETS

Regular meetings. Contact Kevin Morton on 07958 314846 or at towerhamletsfabiansociety@googlemail.com

TYNEMOUTH

Monthly supper meetings, details from Brian Flood on 0191 258 3949

WARWICKSHIRE

All meetings 7.30 at the Friends Meeting House, 28 Regent Place, Rugby
Details from Ben Ferrett on ben_ferrett@hotmail.com or warwickshirefabians.blogspot.com/

WEST DURHAM

The West Durham Fabian Society welcomes new members from all areas of the North East not served by other Fabian Societies. It meets normally on the last Saturday of alternate months at the Joiners Arms, Hunwick between 12.15 and 2.00pm – light lunch £2.00
Contact the Secretary Cllr Professor Alan Townsend, 62A Low Willington, Crook, Durham DL15 0BG. Tel. 01388 746479 or email Alan.Townsend@dur.ac.uk

WIMBLEDON

Please contact Andy Ray on 07944 545161 or andyray@blueyonder.co.uk

YORK

Regular meetings on 3rd or 4th Fridays at 7.45 at Jacob's Well, Off Miklegate, York.
Details from Steve Burton on steve.burton688@mod.uk

Fabian News

Noticeboard

Fabian Executive Elections

In 2013 the Fabian Executive Committee was elected for a two-year term. There are accordingly no elections for this committee in 2014.

Fabian Women's Network Elections

The Fabian Women's Network Executive Committee was also elected for a two-year term, and there are no elections this year.

Young Fabian Executive Elections

Nominations are open, for any member under the age of 31 on the date of the AGM, for the annual elections to the Young Fabian Executive. You can nominate yourself. Nominations, not more than 70 words, should be emailed to giles.wright@fabians.org.uk by 29 August, with "Young Fabian elections" in the subject line. Full details will be posted on the Young Fabian website, www.youngfabians.org.uk

Fabian Fortune Fund:

WINNERS:

Shaun Spiers £100

Half the income from the Fabian Fortune Fund goes to support our research programme. Forms and further information from Giles Wright, giles.wright@fabians.org.uk

Annual General Meeting

The AGM will take place on Saturday 15th November at 2pm in central London. Any full member, national or local, may submit a resolution to the AGM.

Resolutions must not be of a political character expressing an opinion or calling for action, other than in relation to the running of the Society itself.

The deadline for resolutions is Friday 29 August.

They should be addressed to the General Secretary at gensec@fabians.org.uk or posted to: General Secretary, Fabian Society, 61 Petty France, London SW1H 9EU.

Resolutions will be circulated in the autumn issue of Fabian Review and amendments will be invited. Any amendments must be submitted five weeks before the AGM.

Please contact Giles Wright at giles.wright@fabians.org.uk or phone 020 7227 4904 for more information.

Subscription rates:

The Annual General Meeting on 16 November 2013 agreed new subscription rates:

Ordinary rate
£42 a year or £3.50 monthly

Reduced rate
£21 a year or £1.75 monthly

Students, retired members, and the long-term unemployed may pay the Reduced rate.

SAVE THE DATE

South Western
Regional Conference

Saturday 15 November,
Miramar Hotel Bournemouth



LABOUR'S BRITAIN: AMBITIONS FOR A STRONGER NATION, 21–23 September 2014

Every year the Fabians host the biggest fringe at Labour party conference. This year, our lineup includes Lisa Nandy, Rachel Reeves, Chuka Umunna, Andy Burnham, Kevin Maguire and many more. Debates will range from data and democracy to shaping 21st century public services – not forgetting Conference favourites Spin Alley, where our panellists debate the leader's speech, and Fabian Question Time.

The Fabian fringe will take place at Manchester Town Hall.

Please visit www.fabians.org.uk for more details.

If the Government changes, the Treasury has to change too



Quite simply, the Treasury as it currently operates is not fit for purpose.

If Labour are returned to power, it's essential that the Treasury is transformed to focus on the wellbeing of ordinary people and to ensure our economy is resilient in the face of resource scarcity and climate change.

How the Treasury needs to transform:

- it embeds a priority objective at the top of its business plan to ensure UK economic policy enhances the lives of us all, delivers a low-carbon economy and allows Britain to be resource efficient within sustainable environmental limits
- it properly assesses the economic risk from future resource shortages and climate change
- it creates a new ministerial post of Sustainability Secretary to the Treasury

To support Friends of the Earth and to help transform the Treasury visit foe.co.uk/treasury today

