

**BUILDING A NEW  
ECONOMY WHERE  
PEOPLE REALLY  
TAKE CONTROL**

AN AGENDA FOR CHANGE



## A LETTER FROM OUR CEO



Dear friends,

This summer has been a uniquely difficult one for many of us committed to the cause of a new economy, especially with Britain's decision to leave the European Union.

But one thing is now clear. There has never been a greater need for a new economy or a more important moment to act than right now, because a storm that has been gathering for decades is firmly upon us.

A torrent of wealth and power is washing away the fragile footholds established over the past century with money, information and people becoming ever more mobile in a global and now digital economy.

Too many feel they have lost control over their lives and are now being left behind by changes in the economy, technology and climate even while being promised false solutions or a parody of control that threatens to make matters worse.

Yet, in the midst of all this upheaval, a surge of energy is being generated that can crack open new possibilities for change, and change now, not at some distant point in the future.

The New Economics Foundation exists to drive this change and give people the tools they need to take real control.

We reject the old model of think tanks. We know change does not begin in the corridors of power. And the summit of our ambition is bigger than solely influencing legislation or hoping to get included in a political party's manifesto.

Instead, we are rooted outside the traditional boundaries of politics. We care most about people's everyday experience and we will work with communities of all kinds to help them take control.

This is a Foundation for ideas and new solutions that thinks - and then acts.

Also, in an era where we must co-operate to survive, we will always seek to overcome what divides people and never shut ourselves off from the world or turn our backs on those different from ourselves.

The Foundation will forge new partnerships with institutions with real power ranging from devolved government and city mayors to business and trade unions, communities, campaigns and movements.

What follows in this document is an agenda for people to take more control over the decisions and resources that affect their lives today and a plan for how we can all begin to change the whole system tomorrow.

I hope they are the kind of projects that can inspire people across the country really to take control.

I look forward to working on them all with you together.

All best wishes

**MARC**



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## INTRODUCTION

IN THE DAYS  
AND WEEKS  
THAT FOLLOWED  
THIS SUMMER'S  
REFERENDUM ON  
BRITAIN'S MEMBERSHIP  
OF THE EUROPEAN  
UNION, BRITAIN'S  
DEMOCRATIC  
AND ECONOMIC  
SETTLEMENT SEEMED  
TO BE UNDER THREAT.

The Prime Minister resigned and the Opposition imploded as the Westminster establishment reeled in shock from the verdict of voters it no longer understood. Racist graffiti multiplied on our streets and people were openly attacked for coming from other countries. We were forced to ask fundamental questions about the kind of country we live in. Some openly doubted whether an office worker in London and a farmer in Cumbria have enough shared experience for democratic debate to continue.

This was the full force of a storm that had been gathering for decades, a storm which is now finally upon us.

Our economy has left huge swathes of the country behind. Millions of people feel disenfranchised and ignored. Far from spurring a rethink, the 2008 crash has accelerated the concentration of wealth and power in the hands of a few. And in a world where jobs and money cross borders easily, we have lost our fragile footholds of control over our communities and livelihoods.

Too many of us feel powerless, left out of politics, left behind by the economy and too often conclude we have nothing left to lose.

It was in this context that the Vote Leave campaign slogan calling on people to 'take back control' became so potent, tapping into people's democratic instincts for more control over their lives, more say over big changes in the places they work and live, more influence over the big decisions taken by remote politicians and unaccountable corporations.

These are instincts felt by families forced to suffer inadequate housing, skilled workers trapped in jobs that offer little dignity, small businesses struggling to make a go, and whole cities and towns that have been stripped of their identity and their pride.

They are instincts shared by students faced with mountains of debt, knowing that London is where the work is but having no idea how they can afford to live there; by parents who fear their children will have a less secure life than they did; and by communities unable to stop fracking beneath their homes.

There will be some who respond to this demand for more control by offering only more of the same. Be it the inherent conservatism of the Remain campaign or the supposed radicalism of Brexit, scratch the surface of both and you will find that many of the solutions proposed – deregulation, tax cuts, border controls – are essentially attempts to revive old economic orthodoxies.

But more of the same solutions can only produce more of the same results: spiralling inequality, precarious work, communities being ripped apart, a rising tide of xenophobia, and the continued poisoning of our planet.

Yet even in the midst of all this tumult and upheaval, a surge of energy is being generated that can crack open new possibilities for new partnerships in a new economy.

There are great opportunities in new business models; in reforming trade unions; in innovating local authorities, with campaigning city mayors; in the devolved Parliaments and assemblies; and in the ideas and energy of social movements.

We need to seize them all.

We can start now to build these partnerships, inside and outside the traditional boundaries of politics, with communities, campaigns, trade unions, and businesses that take seriously people's desire for more control over their lives, the places where they live, and the powerful systems that affect them.

All of this is built on a theory of change.

### **We believe:**

- Change begins when people feel empowered to challenge the concentrations of power – old and new – which increasingly control their daily lives.
- Change happens when people come together to take control over what matters most to their own futures and the places where they live.
- Change succeeds when people take control of the powerful economic and political systems that hold them back so that they are better able to hold them to account.

The stakes are high and no one is coming to save us. Now is the time to start building the ideas, solutions, and institutions that can create a better future – one where people *really* take control.

The rest of this document expands on this theory of change.

In this opening section, we start by asking some questions. How did we get to where we are today? Who really has control now? And why are so many of the solutions currently on offer counter-productive parodies of control? Then, we ask what it would mean to really take control of our lives and communities by reclaiming control

of our economy and politics. Finally, we ask how we can take the next steps towards these changes now, even in the bleakest of circumstances.

In the remaining sections, we apply this thinking to different themes – from housing to our workplaces, energy, and our environment to the way our banks work – looking at who really has control now and how we could begin to change that.

### HOW DID WE LOSE CONTROL?

Some people will be justifiably wary about language echoing that of the Brexit campaign, so to understand why we need to recapture the idea of taking control, we must first explain how we got into the mess that we are in right now.

For decades, governments of all political stripes have promised that embracing the free market would give ordinary people control and take it away from big, powerful, overbearing institutions such as the trade unions or the state.

The prospectus they offered was enticing and glossily packaged.

The old promise of collective power as workers and citizens was to be replaced with individual power as consumers, entrepreneurs, and property owners so that we could all become the authors of our own futures. The Right to Buy would create a nation of home-owners who did not need anyone's permission to repaint their front doors. Privatisation would create a nation of share-owners participating in the ownership of our gas and water directly rather than through the state. Tax cuts would give people more control over their own money and freeing up markets would give them more choice about what to spend it on.

The offer was attractive, not only to conservatives but also to a generation who had grown up in the 1960s, suspicious of authority and absorbing the philosophy of liberation. This was an era in which people wanted to feel more free.

As the years progressed, however, real control did not flow to ordinary people but upwards to economic elites. And power was not distributed but concentrated.

Home-ownership is now lower than in the 1970s, with millions unable to afford their own home. Individual share-ownership is lower, too and, even where we own shares indirectly through our pension funds and savings, the real power lies with a small handful of global investment firms like BlackRock, which controls a staggering \$4.6 trillion.

Similarly, as consumers, we often find ourselves at the mercy of a small number of powerful companies who seem to be above the rules – whether it is banks bamboozling us into buying products we did not need or powerful transnational corporations who regard paying taxes as an unnecessary and avoidable burden.

The results of all this have been spiralling inequality, financial instability, and increasingly urgent threats to the natural environment we depend on. The bargain has been well and truly broken.

The more thoughtful advocates of the original promise know this.

In his 2012 book *The New Few*, Ferdinand Mount, a former advisor to Thatcher, asked: 'Could it be that, without knowing it, we have been hatching our own oligarchs?' Eventually, at a loss to reconcile the dynamic marketplace of the textbooks

with the distressing reality of elite rule, he points the finger back at bureaucracy and the state. Yet these new concentrations of wealth and power cannot be dismissed as merely unfortunate side-effects of a liberated market. They have grown not in spite of it, but because of it.

If the Right to Buy empowered council tenants, a right to buy was also a right to sell, with the result that nearly 40% of former council homes are now being rented back from private landlords at higher rates. If 'Tell Sid' encouraged mass ownership of British Gas, shares have changed hands on the open market to the point where just 5% of the company is still owned by individuals. Turning building societies into banks did not herald a new era of competition in the banking sector but a wave of mergers and takeovers that left us with four mega-banks deemed too big to fail.

The 'Big 4' banks have been joined by the Big 4 accountancy firms, the Big 4 supermarkets, and the Big 6 energy companies in a pantheon of modern oligarchy. This is not a coincidence. The control which we were told would be taken from distant and unaccountable state bureaucracies has instead been handed to distant and unaccountable corporate bureaucracies.

In the world of work, people were told they were trading security for prosperity, that free trade, and flexible labour markets would create a rising tide lifting all boats. The profound dislocation and insecurity they brought with them, the abandonment of entire industries and communities, were regarded as a price worth paying. Successive governments leant heavily on the creation of a high-value financial sector in the City of London, with the difference between parties often becoming largely a matter of how far its proceeds should be redistributed.

But a job is much more than a source of income with which to buy stuff. It is a livelihood, a source of identity and pride, an anchor for community. It is no surprise that towns and cities from which the heart has been ripped out have been targeted by those peddling hate and division, with Luton becoming the symbolic birthplace of the English Defence League after the closure of the Vauxhall plant.

People who mockingly point out that many Leave-voting areas were among the biggest recipients of EU funding fail to understand that cash transfers are no substitute for actually being in control of our lives.

And for all this, the promise that we would all be materially better off has not been delivered. Average living standards have stagnated for decades – just as they have in the USA, which has swallowed the same medicine as the UK. Real wages are still lower than they were before the financial crisis. The UK now has the worst regional inequality in Europe, with the most deprived parts of the country poorer than much of Eastern Europe. The system is not just short changing us of things that matter, it is failing even on its own terms. Its claim to be the only competent way to run an economy has been roundly discredited.

But the real theologians of market liberalism refuse to be discouraged.

And changes in technology threaten to make all of this far, far worse.

The defenders of the status quo have heralded the advent of a digital economy as an era where the old monopolies would be broken up by a new wave of competition, the age-old barriers to entry shattered as millions of new technology jobs are created. But again, it is not working out that way.

Technology has huge potential to distribute power and control, as well as to improve our lives and free us from unwanted work. But so far the digital economy is even more monopolistic, more unequal, and less accountable than the economy it replaces.

It is no coincidence that we already have one all-powerful social network in Facebook, one global marketplace in eBay, one bookshop in Amazon, and maybe even one taxi firm in Uber.

Power and wealth is being transferred from working people to the richest, as whole markets and professions are turned to dust by the digital revolution. Far from holding the powerful to account, the Internet is creating a surveillance economy in which the people using it are simultaneously the producers, the consumers, and the product. Even memories and emotions are increasingly being commodified.

### SO WHO REALLY HAS CONTROL?

Our economy has become one where wealth and power increasingly come not from producing useful products or services but from controlling assets: money, land, natural resources, and now the raw material of the digital age, data.

This is an economy where the average house makes more each year than the average worker. It is an economy where most bank loans are made not to support small businesses, but to enable people to buy these houses, serving only to further inflate the housing bubble.

The 2008 financial crisis showed that this process cannot go on forever.

In the face of stagnant wages, rising house prices gave the illusion of rising living standards for a while – but eventually the house of cards collapsed, with devastating consequences for ordinary people.

And yet we have now reverted to the same model, relying on debt and rising house prices to prop up growth. Those who do not control housing wealth are increasingly locked out of rising prosperity.

But this battle for control is no way to run an economy. It is not producing real wealth that is going to make our lives more prosperous or fulfilling. It is not a rising tide which lifts all boats. It lifts only a few.

The digital economy is far from being immune from this battle for control. And it is not only the near monopoly power of the big companies that matters here.

The prosperity of companies like Google and Facebook is built on our personal data, information which we hand over for free and surrender all control of when we click 'I Agree' to the unread and unreadable terms and conditions of use.

It is a similar story with our natural resources. We are burning through our natural assets faster than they can be regenerated, building up massive ecological debt and eating away at the natural systems we rely on. For the moment at least, those who control these resources have an interest in keeping things as they are. For global oil companies, melting ice in the Arctic is not a sign that we urgently need to stop burning fossil fuels, but an opportunity to take control of more fossil fuels. These warped priorities threaten environmental catastrophe. And it is those without control over these systems – particularly in developing countries, but also here – who will ultimately pay the biggest price.

All this means that the dividing lines in our country are shifting.

Small businesses, consumers, aspiring home-owners, and middle-class professionals now find themselves alongside low-paid or redundant workers in the long lines of those losing out because of banks, utility firms, landlords, or technology corporations.

This is creating a new alliance of interests that is the key to unlock change.

This cannot just be about correcting the outcomes of our broken markets after the fact. It cannot just be about taking our broken institutions and handing control back to the state. And it cannot be about piecemeal and tokenistic solutions, like putting a worker representative on a company board.

What we need is nothing less than a systemic transformation of patterns of ownership and control. We need to genuinely give people back control over their lives and communities, as well as our economy and environment.

### THREE PARODIES OF CONTROL

For too long, supporters of a free market liberalism have been allowed to own the language of control. In recent months, it was borrowed and abused by some of those advocating Brexit. But all they offer are parodies of control which make things worse for the least powerful.

Some peddle the poisonous 'build-a-wall' populism that offers spurious control over immigration as a cure-all solution for problems that have much more to do with footloose capital than free movement of people. The xenophobic, inward-looking, self-destructive vacuity represented by some versions of Brexit but also by Donald Trump and colleagues in the USA, can only turn people against each other. This is not control. It offers easy scapegoats as a substitute for

addressing the forces that are really robbing us of control. A Romanian immigrant fruit picker is disempowered for much the same reason as a British-born Amazon worker. We cannot take real control with rhetoric that seeks to divide them by harking back to a mythical past – but only by uniting them to build a better future.

Others will continue to insist that the only control that matters is being able to choose what to buy in unfettered markets. But in reality, with those markets increasingly skewed towards a few powerful players, even the limited policy levers that are supposed to protect consumers are becoming paralysed. Two recent competition investigations into banks and energy companies both concluded customers were getting a raw deal. But rather than taking on this overpricing directly, their solution was better information to help us shop around. The fact that we do not have the time to look at this information, that it is impossibly and deliberately complicated, and that we do not really trust any of the options on offer, is our problem.

Powerless to take on the new oligarchs, those charged with protecting consumers' interests seem to have little to offer except price comparison websites and junk mail. When we are offered the 'control' that comes with making better consumer choices, what we are really being told is: 'You are on your own'.

Real control means working together and challenging concentrations of power directly.

Still more will suggest that people's impulse for more control can be met by simply abandoning communities, leaving them to solve their own problems without assistance or support – only a 'Big Society' to lean on. But we cannot rely solely on a patchwork

of community solutions to ensure that everyone has the preconditions for real control of their lives. This parody of control fails because it ignores the big forces that confront people. It not only fails to give people real control over their lives, it can actively worsen inequalities between those who already have power and those who do not, leaving those who are already excluded with even less control.

So what is it that we really need to take control *of* – in our lives and in the economy – and how can we do it?

### **WHAT DOES IT MEAN TO REALLY TAKE CONTROL?**

Most of us want control over what we *do* – and how we spend our time is one of the most important elements of our wellbeing. We want the freedom to do things that make our lives feel worthwhile, whether that is spending time with families and friends, learning, being creative, enjoying time outdoors, or participating in our communities and in politics.

We want control over the places where we live, with clean air to breathe and easy access to the things we need – from shops and schools to parks and libraries. We want control over our futures – knowing that we do not need to worry about whether we will have enough to live on, or a planet that can support us, and that we can say the same for our children and our friends.

And what is more, a single parent who is forced to work three different jobs to make ends meet, to spend hours on buses to reach those jobs because they cannot afford the train, to accept zero-hours contracts which make it impossible to plan from one week to the next, and to pay eye-watering fees for somebody else to look after their children, is not in control of their lives in any of the ways that really matter.

Neither are those struggling to pay mortgages or burdened by debt, those trapped in jobs where they feel undervalued or insecure, or parents worried about what the future holds for their children even as they see their own parents using up their life savings on the cost of care.

To build change, we need to take control over the resources and the decisions that most affect our lives – at local, regional, and national level. We need political democracy, where we take control together of the decisions that affect us. We need economic democracy, where we take control of key shared resources which by rights should belong to everyone or no one – like land and energy – in ways that give us all an equal right to their benefits and an equal responsibility to look after them. And we need to do all this in a way that really gives people control over their lives and their communities.

### **Taking control of the destination: What is the economy for?**

Everyone's lifetime is a journey through the economy. But too often it is a journey in which we are not in charge of the destination, and where we neither own nor are in control of the vehicle.

Let us think about the destination. What is the fundamental goal of the economy itself?

At its core, the economy is just a system which should give us all an equal chance of enjoying the best lives possible, now and in the future.

It should not just be about GDP or any other graphs currently on the Treasury wall.

If we judge economic success only by whether GDP is going up, regardless of who is benefitting or whether most people's lives are really improving, we are not talking about the right kind

of success. We know that in recent decades GDP growth has failed to translate into rising living standards for most people, let alone a better quality of life. And, as we look back on a 'lost decade' since the financial crisis and continue to eat away at our planetary life support systems, it is far from clear that we can continue to rely on it to make our lives better, even if we wanted to.

If we want a system that enables everyone to live as good and as fulfilled a life as they can, we need to set new objectives for our economy. That is what we mean when we say we need to take control of the destination.

To do that, we need a democratic debate about what matters to us and what we want to prioritise, so the economy works for the people and the planet, rather than the other way around.

We know there are already chances to do this. The devolution of power to big cities gives us a chance to find out what matters to local people and ensure that local government and the local economy can deliver this. But to make the most of this we need to ask not what these communities can do for the economy, but what the economy can do for these communities.

We need an economic approach that is focused on building better lives, livelihoods, and communities, in every community that feels left behind and forgotten about.

More generally, we must not allow economics to be used and misused as a way of resolving questions about what we value as a society, about how we resolve trade-offs between one region's prosperity and another's, between one group of people and another, or between today's prosperity and the

natural systems on which tomorrow's prosperity depends.

A democratic system – a democratic economy – gives people the right to debate and control these decisions.

### **Taking control of the journey: nothing about us without us**

Democracy is the act of people taking control together of decisions that affect us, in spaces and in ways that give us all an equal say.

But does Britain feel like that kind of democracy anymore?

All of these powers have been badly eroded as more and more decisions are taken by technocratic elites, left to markets skewed towards the powerful, or hidden within algorithms which even those who designed them no longer understand.

That means we need to build new, more participatory democratic spaces where we can take control of our economy together – where decisions are taken as close as possible to the people they affect, whether they are parents and carers, energy consumers, bank customers, taxi drivers, public service users, or those handing their data over to digital platforms.

This would entail a whole host of changes:

- Taking control of **public** goods and services. Some things should be owned and run for the benefit of all of us, with equal access guaranteed for all – especially when they are essential for meeting basic human needs. But that does not mean that they all have to be run from Whitehall or owned by the state. From people's energy companies at city level, with workers and energy users represented, to publicly owned railways that give passengers a real

voice, we can build a new economy where people are in control in a way that is more decentralised, empowering, and participatory, while still providing for each other collectively.

- Taking control in our **communities**. Community land trusts and childcare, housing and energy co-operatives, as well as open-source digital platforms, allow people to take control together over their time, their shared resources, and the places where they live. These need not be an alternative to universal services but a means of delivering such services in a more empowering way. For instance, a national childcare service could be delivered through Swedish-style parent-led childcare co-operatives. Similarly, local authorities could build community-led social housing on public land.
- Taking control in our **working** lives. The rise of zero-hours contracts and insecure 'self-employment', including new platforms like Uber and Deliveroo, means millions have less control over their working lives than ever before. The rosy picture painted by phrases like 'sharing economy' and 'flexible working' ignores the gross power imbalances between workers and employers. But some of these workers are already organising new movements – such as the recent strike by Deliveroo drivers – to take back greater control of their conditions.
- Taking control of our **politics**. The Brexit vote was, as much as anything else, a cry of anger against a Westminster elite that seems out of touch and unaccountable. To restore the connection between government and the governed, we need a strong, creative relationship between

participatory and representative democracy. We need a new approach to devolution that genuinely empowers local communities to make decisions about what affects them most. And we need to create a national politics where every voice and every vote is genuinely equal, from challenging undemocratic trade deals like the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the USA, and the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada, to a fairer electoral system.

In all of this work, we need to ensure we are building spaces that *really* give people control by attacking the barriers that currently empower some and disempower others. We should not assume that something is automatically giving people control just because it is theoretically publicly or democratically owned, or because people have equal formal rights to participate.

The UK is a deeply unequal society. Taking control can take time, resources, and skills and these are not evenly distributed. So getting this right will be hard.

Even when people have a seat at the table, this may not translate into an equal voice if those privileged by their gender, race, or education dominate the conversation. For people to really take control, we need an ongoing commitment to create genuinely empowering spaces and systems, rather than a single moment when new structures are created. And these must be open and inclusive so that no one is left in the margins.

All this can only be achieved through a combination of pressure from below, through groups and movements, and encouragement and support from

above, from open and democratic public authorities. This demands a different, more empowering and enabling state. For instance, the massive growth of community renewables in Denmark and Germany was made possible through an active programme of subsidies, targets, and ownership rules. Conversely, an unsupportive state has the potential to strangle these experiments at birth as happened recently with government cuts to feed-in tariffs which killed off many vibrant community energy projects.

And it is not about replacing parliamentary democracy with extra-parliamentary action or seeing all political activism as a social movement.

Instead, we need to recognise that change happens in different but inter-related spheres: the personal, the place we live in, and the public. In the latter case, people will achieve change through holding the most powerful to account or replacing a government.

What we need is a diverse system which allows us to take control democratically at different levels and scales in different spheres. But always in a way that feels real and turns the page on the system that has long served us so ill.

#### **Taking control of the vehicle: Ownership of common resources**

Ownership matters. The ever-widening gulf between those who own assets and those who do not, and the sheer extent of excess profits being made in sectors like energy – from control of resources we all depend on – shows we can no longer afford to be neutral on the question of who owns what.

If people are really going to be able to take control of our economy, we need to build new forms of public, common,

#### **BOX 1. ENSURING WE CAN ALL TAKE CONTROL – NOT JUST THE MOST POWERFUL**

The Neighbourhood Planning part of the 2011 Community Rights programme gives communities the power to create a plan for development of their local area. But of the first 130 areas to adopt a Neighbourhood Plan, there is a strong bias towards better-off, rural neighbourhoods in the South. Even within these areas, more deprived residents may not be getting a say. In rural areas where more affluent home-owners may not want new housing developments nearby, it is easy to see how plans could put new-builds into more deprived areas, deepening local inequalities.

In 2014, the New Economics Foundation (NEF) spoke to people in London and Birkenhead about the Community Rights programme. Although most wanted more control over their local areas, many in more deprived areas felt that a process such as Community Rights was not for people like them. As one person put it, 'There is a sort of elitism within this whole process. You need to be of a certain calibre or background.'

If we are serious about people taking control, then we need to acknowledge the unequal context in which we operate, and design processes that favour the participation of the least powerful.

This means asking who currently has the least control over the resource or decision we are dealing with, and designing a process that plays to their strengths and is inviting to them and can build confidence, not undermine it. For example, this can include:

- Stamping out exclusionary language and jargon.
- Thinking about the cultural messages we send: holding an event in a golf club or a venue serving alcohol will send messages to different people that the process is 'not for them'.
- Allowing people to communicate in a way that is comfortable for them: Almost 1 in 7 adults in the UK struggles to read and write, and not everyone has the confidence to stand up and talk in front of a large group. Using more creative modes of communication can help to put everyone on a more equal footing.

The UK has a rich history of working to build the power of the least powerful in society. It is crucial that we build on this to create inclusive movements that put those who suffer most under our economic system in the driving seat of change.

and community ownership of shared resources from land and energy to data, as well as essential infrastructure that we have no choice but to use such as banks, railways, and digital platforms. We also need to reduce the unfair advantages enjoyed by those who control certain assets. Most urgently, we need to reclaim houses as homes, not as financial assets for speculation.

Again, this does not just mean taking things away from private companies and handing them back to the state. Whether it is transforming the state-owned RBS into a network of locally owned public savings banks, or setting up people's energy companies at city level – like Robin Hood Energy in Nottingham or the proposals of the Switched On London campaign – we can start right now to build a new, more decentralised and accountable system of common ownership that allows people to really take control over the things they and their communities depend on.

Our economy depends on natural resources and on the natural systems that sustain life. We must not – and cannot – keep thinking of these as an afterthought or as being outside the economy on which we need to manage our impact. Nor should we simply treat them as natural capital, something that we can put a price on and trade off against other things. Instead, we need structures of ownership and control which make sure we stay within planetary limits and empower us to manage our shared resources for the benefit of all and for future generations.

Of course, all this demands international collaboration and co-operation – not closing ourselves off from the world.

A problem like climate change cannot be solved without reclaiming some collective control and international action. But it is not an either/or here. We will also only build support for climate solutions such as renewable energy if people feel some ownership of them, rather than seeing them as an imposition beyond their control – whether it is a wind farm taking away their control over the place where they live, or green levies on fuel bills which people resent having to pay.

Climate change can seem distant and far away, even as flooding becomes a more regular occurrence in places across the country from Cumbria to Devon. But locally owned renewables turn people from passive recipients of climate policy into active energy citizens, participating in ownership of a common resource and directly benefitting from it. This has been the secret of Denmark and Germany's energy transformation.

Ownership also matters hugely when it comes to the technologies and commodities of the future.

Even though Uber drivers are providing both the cars and the labour, Uber the company owns the platform which connects them with their customers, and that is all that matters in the digital economy. Uber is also a leading investor in driverless cars – giving it control over the technology that will eventually allow it to dispense with its drivers altogether. And it has enormous control over its drivers' performance data – opening up worrying possibilities for new forms of blacklisting.

In an economy that increasingly runs on data, what would happen if we demanded to take back control over this vital asset?

What if we could claim some control over the technologies that are automating jobs – and in doing so, claim more control over our own work and time?

What if we could build a real sharing economy, with co-operative peer-to-peer platforms that put drivers in control and gave them more of a stake in the economic value their work was creating?

In the USA, the drivers' co-operative People's Ride is already taking on Uber – perhaps it is time to do the same in the UK.

### **CHANGE NOW: HOW CAN WE START TO TAKE CONTROL?**

All of this might sound very desirable. But it might also sound hard to realise. An economy where we really control what it is we want to achieve, where we really control the way things are run and we really control who gets to own the capital that makes the wealth, sounds very far from the economy we have right now. So how can we get all of this started?

Achieving change can seem harder than ever when so much wealth and power are being accumulated by a very few, while others feel powerless and left behind. When there is little sign of political leadership on these themes, it can feel more hopeless still.

But, even in these dark times, we do not need to wait for a government to come to our rescue and nor can we afford to do so. Indeed, it is only by starting now to take control together over our own lives and resources that we can ever hope to restore the energy and purpose of our ideas, as well as

demonstrate how a new economy can ultimately succeed on a national and global scale.

Inspiring movements, businesses, and community projects from the UK and around the world show how we can start to take control of our personal lives and the places we live and work – disrupting our broken system as well as paving the way for longer-term change in the public sphere.

For example, tackling poor and expensive housing by setting up a community land trust is about fixing what your home feels like and costs, but it is also about transforming your neighbourhood. Forming a trade union can help us take control in the places where we work, but for many it is also the start of a journey towards demanding political and legislative change to give all workers more control.

They can also teach us how to work together by creating spaces for us to collaborate, forging relationships, and finding common cause with those different from us, and building a deep culture of democratic participation where we learn to listen and to take decisions together.

We believe that **change begins when people feel empowered to challenge the concentrations of power – old and new – which increasingly control their daily lives.**

As the nature of power changes, the way we organise has to change with it. For example, the increasingly precarious nature of work makes traditional workplace organising more difficult. But recent successes at Deliveroo and Sports Direct show that new workers' movements can make a real difference to the lives of some of the most exploited workers in the country.

## BOX 2. BUILDING A RENTERS' UNION

ACORN, a 15,000 strong community organising network, is on a mission called #RentersRising. #RentersRising aims to train 150 organisers across the UK with a view to organising 15,000 members and 1000 volunteers and donors.

From advising tenants and stopping evictions to winning Bristol's adoption of their renters' charter, ACORN has already shown both the demand for and potential of a renters' union. In London, ACORN has joined forces with a coalition of other housing groups and community mobilisers, including Generation Rent, Take Back the City, Hackney Digs, and others from the Radical Housing Network, to build consensus around how a Private Renters Union might work in practice.

In Newcastle, ACORN leader Steph Mosely says: 'The letting agents and landlords have many organisations that support them. The rent in my area has gone up by £200 a month in the past three years – I will have to move away from my community and my children's school if this does not change. This has to change.'

Jonny Butcher is organising in Sheffield: 'There is a renewed spirit of fight in the air – #RentersRising is a chance to start building power for renters.'

Meanwhile Betsy Dillner, Director of Generation Rent, says: 'Generation Rent is providing a voice for tenants in government and Parliament, challenging assumptions about what the property market is for and demanding real protections for its consumers. We and our volunteers also pursue ways of improving the housing market outside of the reaches of public policy, for example by running [www.lettingfees.co.uk](http://www.lettingfees.co.uk) to name and shame rip-off agents.'

And people are coming together to challenge concentrations of unaccountable power in other areas of life as well – whether it is tenants demanding stronger legal rights over their homes, small business owners demanding better protection from their banks, or Google users demanding more control over their data.

The experience of taking control together over the things that matter most to us personally can be a powerful and energising one, giving us a sense of agency and opening our eyes to the root causes of the powerlessness we too often feel. This is how we can build vibrant and successful political movements capable of demanding better on the national stage.

**We believe change happens when people come together to take control over what matters most to their own futures and the places where they live.**

We can start right now to create the new economy we want to see – building new, democratic, and co-operative solutions which allow us to really take control together over important aspects of our lives, here and now.

From people's energy companies to community-led social housing, from childcare co-ops to a worker-owned alternative to Uber, when people take control together they can achieve incredible things in the places where they live.

And new partnerships between government, community groups, and campaigners are proving that we can go beyond the false choice between state control and community control to create lasting change at local level.

### BOX 3. SWITCHED ON LONDON

'Switched On London is taking control over our energy system by pushing for the GLA and the boroughs to work with London residents and community groups to build a ground-breaking public energy company that provides cheaper, cleaner and more democratic energy. We are working with public institutions, trade unions and energy co-operatives to push for a fully-licensed supply company that fights fuel poverty, invests heavily in renewable energy and is democratically accountable to all residents. The new public energy company should provide an institutional framework for a just transition for fossil fuel workers.

We are working with communities on the frontline of exploitation, like residents of the Myatt's Field North Estate in Lambeth who are threatened with being locked into extortionate decades-long contracts with Big 6 companies. Together with the Myatt's Field Residents Association, we are helping to identify how Sadiq Khan can intervene to end the privatised energy deal and ensure residents have warm homes.'

*Mika Minio-Palluelo, Platform*

**BOX 4. REFORMING RBS – LOCAL  
BANKING FOR THE PUBLIC GOOD**

‘My business was pushed into RBS’s notorious “Global Restructuring Group” and subjected to shadowy middlemen, exorbitant fees and asset stripping with the assets sold off to a US vulture fund. I have since launched a landmark legal case against RBS, despite facing aggressive legal tactics, family intimidation and surveillance.

George Osborne’s sale of a first tranche of RBS shares was a key signal of his attempt to make it “back to business as usual” in the UK banking sector – but when the next crisis hits, we will still be massively vulnerable and the British people will end up paying the price again.

We must find a structural solution that is in the best interests of the British people, businesses, communities and taxpayers. Some form of people’s bank, putting banking back at the heart of business and communities, makes sense.

Going back to proper “old fashioned” relationship based banking does not stop us from embracing emerging digital technologies that will revolutionise future banking service. It does mean that we can finally put (the thus far shallow PR spin of) “customer service & trust” at the heart of local banking. As far as RBS is concerned, let the revolution commence!’

*Neil Mitchell, former CEO, Torex Retail Plc and RBS Reform Campaigner*

Whether it is affordable housing in Wales, clean energy in Bristol, public services in Lambeth, or community wealth-building in Preston, new experiments are showing how we can combine active government with solutions that really put people in control.

All this can begin loosening the grip in which we are held by powerful institutions, whether they are banks, energy companies, landlords, or unresponsive parts of the state, by building something new and better to begin to displace them.

We believe that **change succeeds when people take control of the economic and political systems that hold them back**, and change the logic of those systems to one based on democracy and empowerment.

The odds can seem stacked against us with regulations designed with Barclays in mind, a planning system that favours big developers, or the powerful network effects which lead to digital monopolies.

We need government action to rein in these powerful forces. For instance, we can never expect to take control of our banking system from the bottom up while the economic and political power of existing big banks remains so entrenched.

And we need a fundamentally new approach to economic policy, grounded in a new understanding of how the economy really works, that moves beyond old orthodoxies and embraces new forms of democratic control.

Thirty years of ‘there is no alternative’ have constrained our collective imagination about what’s possible. Changing this demands big ideas and powerful stories to shake up the public debate.

We can start to generate this shift right now – from demanding that we turn taxpayer-owned RBS into a network of local people's banks, to defending our rights to clean air, safe food and security at work in the wake of the Brexit vote.

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For people to really take control, we need to build diverse movements and campaigns that experience winning together in the here and now and create the conditions for more far-reaching systemic change. We need to reclaim our ability to act together to shape our economic future and challenge the concentrations of power that hold back change.

This demands a new relationship between groups of all kinds, a broad and powerful alliance which moves beyond critique, offers hope that things can be better, and works together to take control today – not just promising that it will be delivered in some far-off tomorrow.

This is our mission for building an economy where people really take control.

And it starts right now.

## **CONCLUSION**

We believe we need an economy where people really take control.

We believe that means radical changes in the questions we ask of our economy, in the way that big institutions run and the patterns of ownership.

We also believe that we can start all of that work now. We do not need to wait for anyone to give us permission. Or for a political pendulum to swing in any particular direction.

The rest of this document sets out some ways in which we might begin. In it, we take nine different issues – energy, work, technology, banking, housing, care, devolution, trade and deregulation, and industrial strategy – and ask who really has control, what it would mean to take control, and how we can take the next steps towards this future right now. Throughout, we draw on inspiring examples both here and abroad that help to show the way.

This is not intended as a manifesto or a comprehensive blueprint for change.

It is a start.

It is an agenda that we think can make a real difference to people's lives today, while also paving the way for bigger change tomorrow.

It is also a commitment: to be part of a movement and a conversation that can help people really take control.

And it is an invitation: to work with us, to disagree with us, to tell us how we can help you.

We would love to hear your comments. Please check out our plans at [www.neweconomics.org](http://www.neweconomics.org) and get in touch at [info@neweconomics.org](mailto:info@neweconomics.org)

After all, it is you who should really be in control.

**LET'S TAKE CONTROL  
OF OUR ENERGY:****CHALLENGING THE  
BIG SIX WITH PEOPLE-  
POWERED ENERGY****THE PROBLEM: WHO IS REALLY IN  
CONTROL?**

Energy is a basic human need. It is a national scandal that one in ten UK households live a restricted life because of fuel poverty, and that tens of thousands of people die each winter from cold.

We are not really in control of our lives if we cannot afford to heat our homes, cook our food, or travel around freely.

And we are not really in control of our futures if we face the prospect of runaway climate change because the world's energy systems still rely on fossil fuels.

It is easy to feel powerless in the face of these problems because, at the moment, we are not in control of the energy system itself. Energy is not a thing that we do – it is a thing that is done for us. For most of us, our experience of the energy system is limited to plugging appliances into a wall and trusting they will work, or passively paying bills to the Big Six. It is hardly surprising that political support for renewables remains weak when we have handed control over the process to an invisible elite that few people trust.

In energy as elsewhere, our broken system has failed us as customers by handing control over essential services to a small number of powerful players – and competition regulators now seem paralysed from dealing with this. The Competition and Markets Authority recently produced a damning report which found that the Big Six were overcharging us to the tune of £1.7 billion a year – yet seemed powerless to challenge them. Instead, it recommended sharing customers' data so rival companies could contact them. In other words, the watchdog's idea of giving us more control over our energy is to let companies bombard us with more junk mail.

But our energy system is at a tipping point.

Our outdated infrastructure was built around big investments in a few centralised plants – because that is what fossil fuels demanded. But new technology, whether it is solar, car batteries, or smart grids, is inherently more decentralised and democratic.

Even more fundamentally, renewables are moving energy towards being free at the point of use – effectively blowing up the toll-booths controlled by the Big Six. Our centralised energy oligopolies have seen this energy revolution shatter the power of their German counterparts and will resist.

The question for us is what we build to replace them: big nuclear plants and fracked gas, or local, clean, democratic energy?

### THE SOLUTION: TAKING CONTROL THROUGH ENERGY DEMOCRACY

We can start to exert real control over our own energy – by becoming energy citizens, not just energy consumers; by demanding our towns and cities provide us with clean, affordable energy and well-insulated homes; and by building alternatives that can directly challenge the Big Six.

There is already a term for this: energy democracy.

That term originated in the German climate justice movement and has been championed in the UK by organisations like Fuel Poverty Action, Platform, and many others. It is not a panacea for everything that is wrong with our energy system – there is much else to do to make it sustainable and fair, whether it is tackling fuel poverty through home insulation or ensuring a viable future for today's fossil fuel workers. But it can start to put us back in the driving seat.

Energy democracy means taking back ownership and control of energy generation and supply for the common good. It means doing it in new, more empowering and decentralised ways, with those who produce and use energy involved and represented.

Energy democracy also means combining investment in clean energy with tackling fuel poverty and widening access to energy. It makes energy systems more resilient to shocks, as they are less dependent on a small number of large power sources.

And by doing all this, energy democracy brings power closer to people, creating 'energy citizens' with a real stake in the transition to a low-carbon economy.

What is more, it is already working in countries across Europe and here in the UK.

**“[GERMAN] PEOPLE SAW THEMSELVES AS DRIVERS (NOT PASSENGERS) WITHIN THE ENERGY TRANSFORMATIONS TAKING PLACE AROUND THEM; AS THE SOURCE OF SOLUTIONS TO TODAY'S ENERGY PROBLEMS, NOT JUST AS VICTIMS.”**

### ALAN SIMPSON, ENERGY EXPERT AND FORMER MP

The German *Energiewende*, or 'energy transition', has been hugely successful at moving the German economy onto renewables through public and co-operative ownership (just 5% of German renewables are controlled by the Big 4 energy companies). Citizens are more likely to act to conserve

energy and more likely to support new clean energy: NIMBYism becomes less of a problem when people can see how a new wind farm will benefit them and their communities, and have a say in how it operates.

### IT'S HAPPENING IN ... DENMARK

Over the past few decades, Denmark has become self-sufficient in energy through a radical shift from oil to wind and other renewables, while decentralising and democratising its energy system. Eighty percent of Danish wind turbines are owned by co-operatives or families. Crucially, the electricity grid itself is also decentralised and democratically owned – 55% by user-run co-operatives, 12% by municipalities, and 26% by the state oil company. This has been achieved by an active government strategy – including subsidies for wind, a renewables quota for electricity distribution companies, and ‘residency criteria’ limiting ownership of wind turbines to the local area.

Taking control through energy democracy demands a new energy ecosystem at every level, from local community energy co-ops to national offshore wind projects.

- **Community energy:** From Brixton Energy to Community Power Cornwall, small-scale community energy co-operatives are investing in renewable energy generation in a way that is owned by, accountable to, and for the benefit of their local communities. Some of these projects also help tackle fuel poverty by reinvesting some of their profits in local energy efficiency schemes. They can be transformative for the people involved, giving a real experience of

empowerment – taking back control of a key common resource and working together for the common good.

- **Municipal energy:** Across Europe, local and regional governments have led the way in pioneering new kinds of energy supply company – and now it is happening here too, from Bristol Energy to Robin Hood Energy in Nottingham to Our Power in Scotland. As well as providing affordable, clean energy to local citizens, these companies can directly support community renewables by committing to buy their energy on long-term contracts and at a decent price.
- **National support:** An active and enabling state is critical to building a vibrant and diverse energy democracy – for example, via subsidies for community renewables or higher costs for polluters. We also need the national state’s ability to pool our resources to invest at scale in large renewable projects like offshore wind, and to redistribute resources to where they are most needed. This, too, can be organised in a more democratic and empowering way – involving workers and those who use energy in decisions about where and how to invest.

There will be those who try to protect old sources of power. Old ways of thinking still hold back the progress of this new reality. Recent cuts to subsidies for solar and wind have dealt a huge blow to the UK community energy, as has the abrupt end of tax breaks that were designed to benefit them. In Ontario, an EU challenge to the WTO forced the abandonment of ‘buy local’ and ‘hire local’ conditions attached to renewable subsidies –

destroying many of the 20,000 new local jobs which those conditions had helped to create. For energy democracy to truly succeed, we need to challenge this power and this thinking, so that national and global frameworks support local people to take control of their energy.

### IT'S HAPPENING IN ... THE HEBRIDES

In 1997, the residents of the Hebridean island of Eigg undertook a pioneering community buy-out which 'gave islanders control of their future for the first time' – taking control of their land and empowering the community to make decisions about the future of the island. The community trust then set up community-owned hydro, wind, and solar capacity to power the island, including an electrification project in 2008 – with the result that over 95% of the island's electricity demand is now supplied by renewables, and the population has grown by 40%. The islanders of Eigg have inspired a wave of similar schemes on other Scottish islands.

### THE NEXT STEP: A PEOPLE'S ENERGY SUPPLY COMPANY FOR EVERY CITY

Creating people's energy supply companies is possible now – we do not need the support of central government to make it happen. In fact, it is happening already up and down the country. These companies can boost renewable energy, offer lower bills, and give local people real control over the energy they use. They could also become trusted agents to deliver home insulation and energy efficiency: fixing our leaky homes is one of the best ways to tackle fuel poverty.

Customers who have switched to Robin Hood Energy have saved up to £265 on their annual bill. It has also

pushed down other companies' prices in the region, with fuel bills in the East Midlands now as much as £78 lower than when the company launched.

NEF is working with our partners in the Switched On London campaign to win a people's energy company owned and controlled by Londoners. London's new Mayor, Sadiq Khan, has already committed to taking this forward through an initiative called 'Energy for Londoners'.

The task now is to make it happen, and to ensure that it really puts Londoners in control. This means it must be:

- 1. Fully public:** Like Bristol Energy and Robin Hood Energy, the company should have its own full licence, not rely on a partnership with an established energy company. This means it can keep revenues, set its own fair tariffs, and pursue environmental goals – as well as helping shift the balance of power away from energy elites and towards local communities.
- 2. Supplying households:** The existing 'Licence Lite' initiative will only supply big institutional customers like TfL, the NHS, and the Metropolitan Police. Energy for Londoners needs to be able to supply households directly, offering fairer deals to help cut fuel poverty and giving Londoners a real alternative to the Big Six.
- 3. Really democratic:** Existing public energy companies tend to be controlled by Boards of local councillors. Energy for Londoners should pioneer new ways to really put people in control of decisions about their energy – for example, through representation on the board for energy users, workers and citizens, or through advisory citizens' assemblies.

### GET INVOLVED

Visit [www.switchedonlondon.org.uk](http://www.switchedonlondon.org.uk) to find out how you can get involved in the campaign.

If you would like to get involved with the New Economics Foundation's work on energy democracy, please contact [stephen.devlin@neweconomics.org](mailto:stephen.devlin@neweconomics.org)

### READ MORE

**Power Failure:** Five fundamental faults of our energy system  
[http://b.3cdn.net/nefoundation/a8f5f886f667ebb4fc\\_97m6ivvw3.pdf](http://b.3cdn.net/nefoundation/a8f5f886f667ebb4fc_97m6ivvw3.pdf)

**Switched on London:** Democratic energy in the capital [http://b.3cdn.net/nefoundation/f0717b30089939203f\\_f7m6y9nny.pdf](http://b.3cdn.net/nefoundation/f0717b30089939203f_f7m6y9nny.pdf)

## **LET'S TAKE CONTROL OF OUR WORK:**

### ORGANISING IN THE AGE OF UBER

#### **THE PROBLEM: WHO IS REALLY IN CONTROL?**

When it comes to work, the UK is facing a crisis of control. Amazon attaches GPS devices to its warehouse workers to track their movements. SportsDirect workers have been harangued by tannoy to work faster whilst being paid below minimum wage.

And this just the tip of an iceberg.

UK workers feel among the highest sense of job insecurity of any in Europe, and we also work among the longest hours. The percentage of people in 'good jobs' which are secure and well-paid is in decline.

Our sense of security at work is one of the most important ways our jobs affect our wellbeing, and lack of control is a major cause of stress. Yet we have built a labour market that systematically strips us of control. Low unemployment figures mask a growing 'precariat' of people without the security of a regular wage, a pension or full employment rights – from 'bogus self-employment' to zero-hours and short-hours contracts to temporary and agency work.

We are told that these new types of contract are giving workers more control, allowing them to choose when and how they work. Companies like Uber and Deliveroo are lauded by some as the collaborative 'sharing' platforms of the future.

But all of this ignores the question of who has real power in the employment relationship.

We know who really has control.

In reality, most 'uberised' workers are very far from being in control: flexibility

is a fiction. Until last year, Uber drivers could be locked out of the app if they turned down three customer requests in a row. Likewise, transport and logistics workers on 10-hour-a-week contracts are routinely rostered for 30- or 40-hours-a-week shifts and penalised if they 'choose' not to do them.

**"IT SAYS YOU ARE PARTNERS, BUT IT DICTATES TO YOU LIKE YOU ARE AN EMPLOYEE – YOU DO NOT CONTROL YOUR OWN WORKING CONDITIONS."**

#### UBER DRIVER

Uber drivers can be fired, or 'deactivated' as the Uber terminology has it, for criticising the company on social media. So much for putting people in control. It is hardly surprising that 'uberisation' has become a byword for the new precariousness of work. And we know that Uber's long-term interest is in driverless cars altogether.

#### THE SOLUTION: TAKING CONTROL THROUGH WORKPLACE ORGANISING

Whatever future we want to see for work and time, the first step must be to take back control over our working lives by building strong workers' movements for the twenty-first century.

The dwindling power of organised labour has helped to erode many people's control over their pay and conditions. It has also held back living standards as real wages stagnate – which, as New Economics Foundation research has found, hurts the economy as well as our pockets.

But the changing nature of work itself makes workplace organising more

#### BOX 5. ORGANISING WITH THE PRECARIAT

'Almost 8 million working people in the UK struggle in precarious and casual jobs and this figure is growing. The expansion of such jobs is not just in the new economy and does not feel like "gigging" to most workers. Many GMB members face the "uberisation" of their work with enforced agency, bogus self-employment or tiny hours working.

Despite this, GMB has successfully grown in membership by building our union from the bottom up where people work. We are actively applying those organising tactics to the emerging precarious world of work.

Precarious workers want to organise collectively to secure hours and earnings they can live on, respect and job security. But they often want to do this by building networks of co-workers in similar jobs, rather than building their union in one location. GMB works with a range of precarious workers to develop their digital and physical networks, building solidarity and collective action through the union in new ways.'

*Martin Smith, GMB*

difficult. As workers become more isolated and insecure and shared staff facilities are pared back, people no longer meet at the staff canteen or the factory gates. This makes it more difficult to build the relationships that allow them to organise together.

This means we need to be imaginative and find new ways to connect people that adapt to the changing reality of their working lives. For instance, what if we could use the same technologies that make Uber possible to organise Uber drivers? What if we could build apps for workers to share information about where and when they are working and problems they experience at work?

Trade unions need to explore how to network workers in insecure work to allow them to organise themselves. Combined with other solutions, like freelancers' co-ops and unions for the self-employed and platform workers, we can help to build new structures which enable people to really take control.

NEF is working with organisers in this sector to help develop a charter for platform workers that could help these new forces to push for common standards, rights and protections at the companies they work for.

### **SHORTER WORKING WEEK: TAKING CONTROL OF OUR TIME**

Having real control of our work and time not only means improving the quality of work, it also means expanding the proportion of our lives when we do not have to do paid work at all.

As society becomes richer and technology becomes more advanced, we can theoretically meet our needs with less and less work, leaving us

### **BOX 6. THE DELIVEROO STRIKE: TAKING CONTROL IN THE GIG ECONOMY**

'Seven days of wildcat strike action by Deliveroo drivers in north London has shone a huge spotlight on the precarity of the emerging gig economy. As part of a new pay structure trial, drivers in some London zones were being switched onto a contract that would see their hourly pay – which at £7 per hour is already below minimum wage – replaced with a commission-based system where drivers get £3.75 for every delivery made. By taking away the hourly rate, the new contract was effectively taking away any security over incomes drivers felt they had. Striking drivers were demanding the choice to opt-out of the trial without being moved out of their zone.

The strike called management's bluff and won a number of important concessions, including making the scheme 'opt-in' rather than 'opt-out', and allowing drivers who chose not to opt-in to keep their hours and choose which zone to move to. But the fight is far from over, and the so-called piece rate trial does not end until mid-November. Indeed, now the real fight begins, for fair pay and treatment at Deliveroo and the whole of the gig economy.'

*Mags Dewhurst, Chair of the couriers and logistics branch, Independent Workers Union of Great Britain*

more time to care for each other, to learn, to relax, and to participate in society. But instead, many of us are working ever longer hours without getting much better off – and there is a growing divide between those working too hard and those with no work at all.

Both individually and as a society, we are stuck on a treadmill we cannot seem to get off. And this treadmill is also placing pressure on our natural systems, because ‘progress’ is too often taken to mean consuming more rather than having more time for the things that really matter.

There is strong evidence that shorter working hours – for all, not just the most privileged – can bring major social, environmental, and economic benefits. This is also one of the major structural changes we need if we want to build a more democratic society where we can really take control together of the things that matter. As things stand today, the most marginalised and oppressed groups often work punishing hours and have little or no spare time – effectively excluding them from participating in co-operative and democratic institutions, however well designed.

We can only start to change this if working people share in the benefits of economic progress, and if workers collectively are a strong enough force to negotiate shorter hours whilst maintaining and improving the living standards of those struggling to get by.

In doing so, we can take inspiration from a long history of strong workers’ movements successfully demanding shorter hours – like the Eight Hours Movement. Today, Denmark and Germany are just two examples of countries that have much shorter average working hours than the UK and have stronger economies too.

### IT’S HAPPENING IN ... SWEDEN

In Gothenburg, Sweden’s second-largest city, workers at the Svartedalens retirement home and the Toyota car factory have been working a 30-hour week. Nurses at the care home who worked six-hour days were happier than a comparable group on standard hours, and had more energy at work and in their spare time. They took half as much sick leave and were able to spend much more time undertaking activities with residents. At the Toyota factory, where a 30-hour week was introduced a decade ago, staff now produce in 30 hours 114% of what they used to produce in 40 hours. These results are encouraging other employers, in Sweden and elsewhere, to reduce working hours.

### GET INVOLVED

If you’re interested in our work on workplace organising, please contact [alice.martin@neweconomics.org](mailto:alice.martin@neweconomics.org).

If you’re interested in the campaign for a shorter working week, please contact [madeleine.ellispeterson@neweconomics.org](mailto:madeleine.ellispeterson@neweconomics.org) or visit [www.equilibriumcampaign.org](http://www.equilibriumcampaign.org).

### READ MORE

**Working for the economy:** The economic case for trade unions: [https://b.3cdn.net/nefoundation/5237986e74dd1368f5\\_51m6b4u2z.pdf](https://b.3cdn.net/nefoundation/5237986e74dd1368f5_51m6b4u2z.pdf)

**21 hours:** Why a shorter working week can help us all to flourish in the 21st century [http://b.3cdn.net/nefoundation/f49406d81b9ed9c977\\_p1m6ibgie.pdf](http://b.3cdn.net/nefoundation/f49406d81b9ed9c977_p1m6ibgie.pdf)

## **LET'S TAKE CONTROL OF TECHNOLOGY:**

### OWNERSHIP AND CONTROL IN THE DIGITAL ECONOMY

#### **THE PROBLEM: WHO IS REALLY IN CONTROL?**

Unless we address the power imbalances in our economy now, technological progress could turbo-charge them – widening the gulf between a small number of highly skilled people and those with no jobs at all, and concentrating power in the small number of successful tech giants who employ them.

What is it that makes Facebook or Amazon or Google so powerful?

In part it is that they are innovators, using technology to create amazing new inventions that people want to use or providing services that out-do all others in the field. But that is far from the whole story. These companies are also part of the control economy. Perhaps most significantly, they control our data, which we give to them for free and which increasingly is the main commodity they trade in.

How did we lose control of this data – and can we get it back?

They also control markets: just like big banks or energy companies, behind the hi-tech business models of many of these companies lie classic monopoly tactics. Amazon in particular has a clear and aggressive strategy to dominate the market by undercutting its rivals – including by squeezing workers and suppliers.

The Bank of England's Chief Economist, Andrew Haldane, has suggested that the nature of technology itself accelerates this process – whereby successful firms concentrate massive wealth and power to the point where nobody can hope to compete with them.

Nowhere is this tension between the image of dynamic tech-driven entrepreneurship and the reality of

aggressively concentrating power and control more obvious than in 'sharing economy' start-ups like Uber and Airbnb. In fact, the technology behind Uber's apps is fairly simple; its success rests largely on pouring huge amounts of money into a given place, undercutting its rivals, and growing its networks until it is the only game in town – at which point it can up its prices.

“COMPANIES LIKE UBER AND AIRBNB ARE ENJOYING THEIR ANDY WARHOL MOMENT, THEIR \$15 BILLION OF FAME, IN THE ABSENCE OF ANY PHYSICAL INFRASTRUCTURE OF THEIR OWN. THEY DID NOT BUILD THAT— THEY ARE RUNNING ON YOUR CAR, APARTMENT, LABOR, AND IMPORTANTLY, TIME.”

TREBOR SCHOLZ

#### THE SOLUTION: TAKING CONTROL OF TECHNOLOGY

Many are predicting that the next wave of automation could destroy huge numbers of jobs. For some, this could be an opportunity to take more control over our time and demand a shorter working week. For others, it is a huge threat, and the destruction of jobs and livelihoods is something to be resisted. But neither of these futures – less work or protecting work – is possible unless we reclaim some control over the technology itself.

Stephen Hawking recently set out the choice we face like this:

*If machines produce everything we need, the outcome will depend on how things are distributed. Everyone can enjoy a life of luxurious leisure if the machine-produced wealth is shared, or most people can end up miserably poor if the machine-owners successfully lobby against wealth redistribution.*

This misses one important question: who are the machine owners? And is taking this as a given and redistributing their wealth the only solution? Is there an alternative future where we really take control of these new sources of wealth for the common good?

Recently, authors like Paul Mason and Michel Bauwens have suggested that the information age has the potential to radically change the way wealth is produced and distributed, creating an economy based on free collaboration. But this could only happen if we start to build things now that can shift the balance of power over technology itself.

#### NEXT STEPS: TAKING CONTROL OF OUR DATA

In the new economy, our data is power.

We give it away for free, but it is worth billions to some of the richest companies the world has ever seen.

The business models of tech giants like Google and Facebook are built on our data – on selling it to advertisers, on using it to find out more about us and tailor their products and services accordingly. One study has estimated that by 2020, this personal data will generate around €330 billion annually for business.

And if the data of each and every one of us comes to underpin the economy as a whole, it should – in principle – give us all a big say. But few if any of us truly understand what happens to the data that we hand over every time we use the web.

Nonetheless, many people have a nagging sense that they are losing control of something important. It is estimated that around one in five Internet users in the UK now use ad-blocking software – with the perception that our personal data is being misused one of the main motivations. And there are initiatives popping up to expose the companies that trade in our data and help people exert their right to opt out of having their data mined.

So far, these have been largely limited to individual action. But there are bigger questions about how we should strike a balance between individual privacy and the potential societal benefits of ‘big data’, as well as about whether isolated individuals can ever truly be a match for the power of the world’s biggest companies.

We need a movement that can ask the big questions about control of our data and how we can reclaim it.

And we need to work out how we can capture more of the value our data creates – whether individually, co-operatively, or publicly – without undermining the innovations we all benefit from, like free online maps and search engines.

## NEXT STEPS: TAKING CONTROL WITH PLATFORM CO-OPS

Responding to the Uber phenomenon cannot be about trying to turn the clock back to a time before these disruptive technologies existed. We cannot simply wish these technologies away, and many customers would not want to. But what if we could keep the good things about companies like Uber and Deliveroo under an umbrella that was owned and controlled by platform users, rather than by a giant Silicon Valley company?

The rhetoric about ‘peer to peer’, ‘platform’, and ‘sharing economy’ solutions often conflates non-market, open-source projects like Wikipedia with multi-million dollar commercial entities like Uber – but they are fundamentally different. One genuinely disperses power and control, the other concentrates it.

If we want a genuine peer-to-peer sharing economy which really puts platform users in control, we have to build it. Co-operative or public alternatives to Uber are up and running in various other places, from People’s Ride in the USA to the city of Seoul – and UK drivers are already looking at doing the same.

How do these platform co-operatives differ from Uber?

They are genuinely collaborative, with developers and drivers working together and each acquiring an equal stake in the business. They could be kick-started in part by crowdfunding from potential customers (who are already being mobilised to demand

better for their drivers by organisations like SumOfUs). By cutting out the middle man, they are able to offer customers low prices whilst also giving drivers a better deal.

Of course, there are challenges. Uber has both an enormous war chest and a vast network which can make it difficult to compete with. This means that building new solutions is urgent: it needs to happen now, before the advantages of incumbency make existing platform companies near-impossible to unseat.

It also means that local and national government has an important role in supporting these new models as they grow – either by offering investment or via procurement. In London, for example, the significant spending power of bodies like TfL could help new co-operative solutions to achieve critical mass.

Boris Bikes has already created a precedent for this kind of public provision – perhaps, as Londoners wake up to the problems with Uber, it is time to kick-start Khan's Cars?

### **NEXT STEPS: TAKING CONTROL WITH SOCIAL WEALTH FUNDS**

The idea of a universal basic income is enjoying a resurgence in popularity. Fears about technological unemployment mean people are searching for ways to give everyone enough to live on in a world with less work. Its advocates argue that it has the potential to put people in real control of their own work and time by enabling them to survive without having to sell their work.

But the mechanism itself is not particularly innovative: it relies on traditional redistribution – taxing profitable tech giants and transferring the money to the citizens they have put out of work. This could make it both economically unsustainable and difficult to build political support for. At the very least, it would require much more determined efforts to prevent tax-dodging by the likes of Google and Apple or 'race to the bottom' tax competition between countries.

Are there other, more imaginative ways we could provide for people in a world of less work? Could we use the proceeds of assets that we own and control together (either to provide a basic income or a stronger 'social wage' through universal public services) – rather than using taxation to transfer wealth away from the existing 'winners' in the system?

Thinkers like Stewart Lansley and Angela Cummine are pioneering the idea of Social Wealth Funds: a new form of ownership distinct from both public and private, owned in trust for the common good. Because they are not owned by the state, they cannot be sold off by the state like traditional nationalised industries, so have the potential to be more resilient to political change over time.

Social Wealth Funds can be used to capture the revenues from valuable assets that by rights belong to everyone or to no one. They can be set up at national, regional, or local level: for instance, Bristol Energy is exploring the potential to set up a social wealth fund using the revenues from its publicly owned energy company. It turns these revenues into a long-term investment controlled on behalf of all citizens – now and in the future – rather than by the government lucky enough to be in power when the windfall appears.

Both Alaska and Norway have used the income generated from extensive oil fields to establish forms of sovereign wealth funds. Norway's fund is now the largest in the world with over \$825 billion under management, while the Alaska Permanent Fund has \$54 billion.

### IT'S HAPPENING IN ... ALASKA

The Alaska Permanent Fund has focused on delivering tangible benefits by distributing an annual dividend, based on the return on the fund's investments, which is equally divided between all eligible citizens. In 2015 the payment was just over \$2,000 per person. Many have argued that this citizen's dividend is part of what makes Alaska one of the most equal states in the USA.

It may also be partly responsible for the structure's remarkably enduring nature. It has survived a number of court battles in which the government tried but failed to claim ownership of the fund, as well as a referendum to dissolve it and distribute all the remaining funds. The failure of this referendum suggests that Alaskans see the fund as a long-term source of benefit to themselves and their children – not to be used as a short-term cash cow.

The Alaska Permanent Fund shows that benefiting from collective ownership is perceived very differently to tax and redistribution. It is much more amenable to universal equal distribution as well as facing much less pressure to be reduced or eliminated.

This kind of vehicle could also be used as a way of exerting some control and ownership over the benefits of technological developments themselves. For instance, this could be done through the patent process or intellectual property law, in recognition of how often private innovations stand on the shoulders of publicly funded research or infrastructure – or through the gradual buying of shares in technology companies themselves.

It could even be seeded right now with proceeds from the 'digital commons', for example the auction of the 3G/4G spectrum. In this way, Social Wealth Funds could help us to prepare for a post-work future whilst also rebalancing power and control between the tech giants who could be driving this transformation and the citizens whose livelihoods will be affected.

### GET INVOLVED

If you're interested in working with us on taking control of data and technology, please contact [david.powell@neweconomics.org](mailto:david.powell@neweconomics.org).

**LET'S TAKE CONTROL  
OF OUR HOMES:****RECLAIMING HOUSES  
AS HOMES, NOT  
FINANCIAL ASSETS****THE PROBLEM: WHO IS REALLY  
IN CONTROL?**

People in all types of tenures have less and less control over the places where they live. Having a decent place to call home is one of the basic necessities of a good life. And the failure to deliver on the promise of home-ownership is one of the starkest illustrations of our broken economic model.

With average house prices now nine times average incomes – rising to 20 times in London – home-ownership has become a distant dream for many – especially young people. Meanwhile, the loss of social housing has left many of those who cannot afford to buy at the mercy of private landlords, with extremely weak protections against eviction or rent hikes. And – in London particularly – those who still live in social housing are being turned out of their homes to make way for luxury flats.

Even home-owners are not necessarily in control.

Many are really 'mortgage-owners', with more and more of their incomes swallowed up by interest repayments: mortgage debt has risen from just over 30% of disposable income in the late 1980s to almost 100% today. And home-ownership does not necessarily mean safety or security if you find yourself unable to pay the mortgage, or in negative equity.

How did this happen?

In recent decades, a perfect storm of changes has eroded our footholds of collective control over the housing system and concentrated power in a small number of banks and private developers, and a larger set of private landlords.

The deregulation of banks (and the rise of complex ways for them to package up and sell on mortgages) has created an economy that practically runs on excessive mortgage debt. The resulting expectation that house prices will rise for ever has pushed up demand for houses as financial assets – fuelling the rise of Buy to Let, Buy to Leave, and second-home ownership. Buy to Let landlords have been the biggest winners, and now control around a fifth of our housing stock.

Meanwhile, decades of mergers and acquisitions have left us at the mercy of a very small number of big private developers, who control such large ‘land banks’ that it is very difficult for smaller builders to compete. UK land ownership has always been highly concentrated (0.6% of the population own 70% of the land) – but high and volatile prices give landowning developers an extra incentive to hoard.

In other words, the system is largely controlled by those for whom housing is first and foremost a financial asset to be speculated with or to extract rent from, rather than a home. The increasing amount of money chasing a finite amount of land and property is one of the key drivers of the housing affordability crisis. Initiatives like Help to Buy are only throwing petrol onto the fire, further pumping up house prices rather than addressing the root causes of the crisis.

### **THE SOLUTION: TAKING CONTROL OF OUR HOMES**

All of this means that we cannot just build our way out of the housing crisis by ‘freeing’ developers to build more unaffordable homes.

Without action to address the deep dysfunction of our housing system and its place in our ‘control economy’, new houses are likely to disappear into a

black hole of speculative demand. If we want to reclaim some control over our homes, we need to find ways to remove land and housing from our out-of-control markets and reclaim them for the community.

But first, it is worth asking: What it is that we really want to control when we want to own our homes?

We want control over our lives and our own space: the right to decorate, the knowledge that we cannot be intruded on for no reason.

We want control over our futures: the financial security that is no longer provided by a pension except for a lucky few.

We want control over our communities: the ability to settle in a neighbourhood where we feel at home, not be priced out or even evicted to make way for luxury flats.

We should be finding ways for people to achieve all of these things without having to take on a lifetime of debt, and without handing control of the underlying system to big banks and developers. Most of these things do not actually require control of the land our homes sit on – so we can create things, like community land trusts and Garden Cities, which give people control whilst also turning land into a common asset and taking it out of speculative markets.

Of course, this is not the only thing we need to do to fix our housing system. We need to better control existing markets, for instance by raising taxes on speculative property ownership or banning certain types of mortgage.

We need to reform our banks so they are less dependent on mortgage lending and rebalance our economy away from London. And in the spirit of the people who pioneered Garden

Cities, we should also be improving the quality of new housing, so that it is sustainable, energy-efficient, and part of well-designed communities that support us to live good lives – for instance, by giving us access to common space, green space, and public transport.

#### **NEXT STEPS: TAKING CONTROL IN SECOND HOME HOTSPOTS**

People in second-home hotspots are taking action to reclaim housing as homes for local people and tackle housing inequality.

In St Ives, local people overwhelmingly backed a ban on new second homes after holiday homes topped 25% of local housing stock, leaving local people increasingly priced out. The ban will now become part of the St Ives Neighbourhood Area Development Plan. Cornwall Council has also used a fund created by raising council tax on second homes and empty homes to invest in community-led housing projects.

#### **NEXT STEPS: TAKING CONTROL WITH COMMUNITY-LED PUBLIC HOUSE BUILDING**

It is time to admit that relying on private house-building to fill the gap left by the decline of social housing simply is not working.

We need to take back control of house-building with a diversity of democratic, social, and community-led housing that takes the provision of affordable homes out of the market, and really puts people in control of the homes they live in.

#### **BOX 7. ST IVES NEIGHBOURHOOD PLAN**

‘One of the biggest frustrations and cause of sadness amongst the local community is the feeling that the heart of St Ives has been ripped out. No one wants to stop holidaymakers coming here, but there is a loud cry for tourism to be better managed so that it does not kill off the community of people who live and work here and ultimately make it all possible. The neighbourhood plan was a way to harness some of that passion and energy into a policy document that has legal teeth.

It was passed by overwhelming majority, despite strong resistance from some developers, estate agents, and others. Several last-minute threats were made by larger developers to Cornwall Council about legal action should they allow the plan to be passed by the people of St Ives, but they have all been successfully thrown out.

The best known policy in the Plan is the restriction of new builds to principal residences, i.e., houses for people to live in, rather than holiday in. This has already been applied to several new schemes, all of which must be sold to people intending to live in and contribute to the community. This policy is only a start: a much more comprehensive and Cornwall-wide solution needs to be found. In the meantime, towns around Cornwall are following suit and including principal residence policies in their neighbourhood plans. The people of St Ives have started a mini planning revolution!’

*Lucy Davies,  
St Ives Neighbourhood Plan*

**Community Land Trusts (CLTs)** – like Granby Four Streets in Liverpool, or London CLT in Mile End – provide affordable housing by taking the land out of the market and into community ownership – so the buyers/tenants only pay for the bricks and mortar – with priority given to local people in housing need. An asset lock prevents the land from being sold, which in theory makes CLTs more durable than traditional social housing and allows them to keep homes permanently affordable (although this is threatened by the extension of the Right to Buy to some CLT tenants).

**Mutual Housing Ownership (MHO)** is a form of shared ownership which NEF helped to pioneer, in which residents own an equity stake in a mutual property trust (rather than an individual property), dependent on what they can afford, and lease their homes from the trust. The stake gives all members an equal say over the management of the trust, and an equal share of the space. LILAC, a sustainable co-housing development in Leeds, is the first example of this kind of scheme in action.

There are a whole range of other community-led housing models, from co-operative housing – including student housing initiatives in Birmingham, Sheffield, and Edinburgh) and co-housing (like Springhill in Stroud – to community self-build projects – such as a ‘train and build’ scheme in Cherwell, Oxfordshire.

By themselves, though, all these models have struggled to scale. They have been held back by lack of access to finance, land, and expertise. And they are too often the preserve of those with time and money to spare. What is needed is to see community-led housing not as a substitute for social housing provided by local authorities, but as a more empowering way of delivering it.

#### **BOX 8. LILAC: TAKING CONTROL WITH MUTUAL HOUSING**

‘Lilac is a place like no other. Members benefit from a strong community, which is great socially and practically. It means we look out for each other and share things which reduces the cost of living. The eco features ensure that our utility bills are much lower than traditional housing, and our houses keep us warm and insulated through the winter months. Being members of a co-housing coop gives us long-term security and our finance model guarantees that our properties will remain affordable for others in the future. As a freelancer in the arts, Lilac affords me a high standard of living on a low, variable income. This also allows me to put more time and energy into the project and my community.’

*Lara Eggleston, Lilac resident*

In places like Wales and Cornwall, exciting new partnerships between local and devolved authorities, community groups and housing associations are showing the way forward. They are building affordable housing, owned and controlled by the communities who live in it, but with finance and support from government. Other local authorities could follow suit and help turbo-charge community housing to meet the growing demand.

### IT'S HAPPENING IN ... WALES

The Welsh government has pioneered a 'public social partnership' model between the Confederation of Co-operative Housing, Wales Co-operative Centre, the government and housing associations – with a remit to support a range of affordable housing models including co-operative rental and co-owned housing, CLTs, co-housing, and self-build co-ops. The partnership has projects up and running from Cardiff to Camarthen and Wrexham to West Rhyl, supported by funding from the Welsh government. As with energy, where people's energy companies can work in partnership with community energy co-operatives, these kinds of programmes show how we can build a new ecosystem of public and community ownership that really puts people in control.

With both the housing market and the wider economy slowing down, now is the time to embark on an ambitious public programme of house building that really puts communities in control. Brexit is already having an impact on housing transactions and the uncertain market is likely to prompt more land hoarding, especially in London. In this context it makes no sense to continue selling off public land to the

highest bidder for development. Sites marked for sell-off, like Brixton and Holloway Prisons in London, should be kept and used to build genuinely affordable community-owned housing – as suggested by the community-led London Plan developed by Just Space. Local authorities could go further and buy up land if and when developments are mothballed. And the borrowing cap should be lifted to allow councils to invest in housing.

### NEXT STEPS: ORGANISING GENERATION RENT

In recent decades, the balance of power between renters and landlords has become increasingly skewed, leaving tenants with little control over their living spaces. High rents in the private rented sector are not a sign that lots of people are 'choosing' this option – surveys consistently show it is the least popular type of tenure. They are a sign that, for more and more people, the only real 'choice' is between private rented accommodation and the street.

Meanwhile, renters' rights and protections against rent hikes or unfair treatment have been eroded to a point unmatched almost anywhere else in Europe. Most other European countries have controlled rates of rent increase, a right to remain for the tenant, and no automatic right for the landlord to repossess the property when the tenancy ends.

This has a very real effect on renters' experience of control in their day-to-day lives. Polling for Shelter in 2011 found that nearly half of families with children in rented accommodation worried about unaffordable rent increases, and more than a third worried about their contract being ended before they were ready to move.

But private renters in the UK are starting to get organised and to demand better. Generation Rent has helped to put renters' rights on the national policy agenda, running campaigns on issues such as a National Register of Landlords and banning letting agents' fees. Acorn's Charter, demanding that landlords provide better quality homes with more security and fair rents, has recently been backed by Bristol City Council.

Student organisers at UCL have used rent strikes to win £1 million in rent reductions. Groups within the Radical Housing Network have shut down property fairs and stopped evictions. And Scotland's tenants' union, Living Rents, has helped win legislation prohibiting no-fault evictions.

Like trade unions, powerful renters' organisations can help to protect tenants' interests in individual cases of abuse or poor practice, as well as building their collective voice to push for bigger legislative changes to bring renters' rights in line with other countries – like rent controls or longer tenancies – and help make private renting a genuinely affordable and secure option.

NEF is committed to working with those fighting for renters' rights to help build sustainable power for private renters and support them to campaign for changes that can shift the economics of private renting – whether through a formal National Renters' Union or collaboration between existing groups.

## GET INVOLVED

- Housing groups and community mobilisers are coming together to do the groundwork for a new Private Renters Union. Sign up to find out more at [bit.ly/RentersPower](https://bit.ly/RentersPower)
- Find a renters' group already active in your local area: [bit.ly/RentersGroups](https://bit.ly/RentersGroups)
- Get help to start a new tenants rights group: [www.rentersrising.org.uk](https://www.rentersrising.org.uk)

Come to our participatory conference this November – [Land for What](#) – to kick start a land reform movement in England alongside our partners Shared Assets, Just Space, and the Radical Housing Network.

To find out more about our work to help map vacant land in your neighbourhood that could be used for affordable community house-building, contact: [alice.martin@neweconomics.org](mailto:alice.martin@neweconomics.org)

## READ MORE

### The financialisation of UK

homes: [http://b.3cdn.net/nefoundation/496c07a5b30026d43a\\_d1m6i26iy.pdf](http://b.3cdn.net/nefoundation/496c07a5b30026d43a_d1m6i26iy.pdf)

**LET'S TAKE CONTROL  
OF OUR BANKS:****LOCAL BANKING FOR  
THE PUBLIC GOOD****THE PROBLEM: WHO IS REALLY  
IN CONTROL?**

There can hardly be a better illustration of who is really in control and of how the rest of us – from small businesses to individual families – have lost control, than the banking sector.

The 'Big Bang' of banking deregulation that started in the 1980s did not bring greater competition and dynamism, but the opposite. Local banks and building societies were swallowed up by conglomerates, leaving us with four shareholder-owned banks that are 'too big to fail'.

We all know on some level that this system is not working for us. But often we feel powerless – both as customers and as citizens – to do anything about it. Customers are systematically overcharged, yet the competition regulator's only response is to encourage them to switch banks more often. Small business owners continue to face long battles for redress from banks who sold them products they did not need or understand. Whole communities are left without access to banking services as branches close.

And yet, eight years on from the financial crisis, we are once again being told that the banking sector is the goose that lays the golden eggs, that we must keep it happy at almost any cost because our economy depends on it. The past 12 months have seen a string of concessions to the Big 4 banks, often at the expense of smaller challengers. The Brexit vote only seems likely to exacerbate this, as politicians become preoccupied with protecting the City's global status.

But the real lesson of Brexit is that we cannot build a truly prosperous economy on the back of a few highly paid jobs in the City. Global banks are increasingly focused on putting money into assets, like London housing

and international financial markets, not investing into small businesses, affordable housing or renewable energy. This has left whole regions starved of investment, as well as worsening the gap between those who control financial assets and those who do not.

All this has created an economy so skewed that it is almost reaching breaking point. If we want a country where everyone can thrive and really take control of their lives, the banking sector has to do its job of channelling investment into other places and sectors – not just make money as a sector in its own right.

### THE SOLUTION: TAKING CONTROL THROUGH LOCAL PEOPLE'S BANKS

We cannot fix our banking system just by regulating it more heavily, or by putting more pressure on consumers.

Instead we need to build new kinds of banks which give more control to customers, frontline workers, and local communities, and whose lending is focused on supporting these communities.

Collectively, we call these solutions 'stakeholder banks': this includes public savings banks, building societies, co-operatives, credit unions, and Community Development Finance Institutions (CDFIs).

The UK is highly unusual in having virtually none of these banks in the mix: in many other countries they are the powerhouses of business lending. They have been shown to serve customers better, keep more branches open, and create more jobs – as well as being safer, less volatile, and less likely to fail. In Germany and Switzerland, local stakeholder banks kept the economy going through the recession after 2008, continuing to increase

their lending while big banks were withdrawing it.

Stakeholder banks have three important features that make this possible. First, they are restricted to more socially useful lending activities rather than unproductive speculation. Second, they are accountable to communities rather than simply maximising shareholder returns. And, third, they are locally focused, allowing them to build real relationships with borrowers that can survive an economic downturn. Because they spread control more widely, they are also safer for the system as a whole – because risk is less concentrated in a small number of too-big-to-fail banks.

### IT'S HAPPENING IN ... GERMANY

The German banking system is much more diverse and localised than ours, underpinned by an ecosystem of public and community banks at three levels:

- The Sparkassen are a network of public savings banks, owned in trust for the public benefit and run with representation from local people, with a mandate to lend and provide banking services in their local communities.
- The Landesbanken are regional banks which give the Sparkassen access to some investment and wholesale banking services. While the Sparkassen themselves proved very resilient during the financial crisis, the Landesbanken ran into problems, mainly as a result of coming under pressure to imitate commercial banks by investing in riskier assets.

- The KfW is a national state investment bank which invests in strategically important sectors (like renewable energy) via the Sparkassen. In this way the German system combines state support with localised lending and decision-making embedded in communities.

Germany also has a thriving co-operative banking sector (the Raffeisen) which makes up two-thirds of all retail banking. The German system performs much better than the UK on a whole host of measures, including lending to businesses, keeping branches open, and creating local jobs. It is also much more geographically balanced, as local banks help to create and retain wealth in communities across the country, rather than 'draining' capital into big financial centres.

But we cannot just 'level up' the alternatives. The power of incumbent too-big-to-fail banks is so great that we also need to 'level down' if we are to have any chance of regaining control of the system.

This could involve breaking up big banks through real separation of retail and investment banking, or reshaping the rules (for instance, on how much capital support have to hold) so that they support smaller stakeholder banks rather than being shaped by the interests of big international players.

Right now, the chances of this happening seem slim. The waters have well and truly closed over the post-crisis period, when there seemed to be a window of opportunity to challenge big banks.

So what can we do to take control?

The task now has to be to build a movement strong enough that, when the next window of opportunity opens, we are finally able to truly make a difference.

### **NEXT STEPS: LET'S TAKE CONTROL OF RBS**

But we do not need to wait for this moment to start reshaping our banking system.

We already own one of the UK's biggest banks – RBS, which was bailed out to the tune of £45.5 billion and is still 73% owned by the taxpayer. We could use our stake in RBS as a golden opportunity to start building a banking system that really puts people and communities in control.

So far, the government has refused to consider any options for RBS's future other than handing control back to the financial markets. Indeed, the terms of the bail-out meant that we never really took control of RBS in the first place, with the government holding its shares through an arms-length body (UK Financial Investments) and no conditions imposed in return for state support.

RBS remains one of the worst offenders in terms of its treatment of both small businesses (particularly via the notorious Global Restructuring Group, which has driven many businesses into bankruptcy), and rural communities, where it is closing branches faster than any other bank.

But RBS now cannot be sold in the foreseeable future. In the wake of the Brexit vote, like many other banks, its share price crashed to the point where selling now would lose the taxpayer an eye-watering £30 billion. It is time to ask whether we can do better by taking real control of RBS – and then handing that control to communities up and down the country.

NEF proposes turning RBS into a network of 130 local stakeholder banks, modelled on the German Sparkassen – run with representation from workers, customers, and the local community, and with a mandate to serve their local area. The first step to do this would be for the government to buy up the remaining shares – at historically low prices.

This model could turn RBS into a beacon of what could be possible. Instead of a bank that exploits small businesses, we could create a network of banks that is directly accountable to them. Instead of a bank that is abandoning rural communities, we could create a network of banks rooted in those communities, investing in regions that have been left behind and helping them take control of their economic futures.

There has never been a better time to rethink RBS's future. It is vital that the government puts all the options back on the table before any more loss-making share sales are made.

### **NEXT STEPS: BUILDING LOCAL BANKS AND COMMUNITY FINANCE**

We can also start building new locally owned banks from the bottom up – and strengthening existing community finance solutions like credit unions and CDFIs. Although new stand-alone banks will lack the network advantages and economies of scale that reforming RBS could give us, there are initiatives underway which show that they are possible.

The Community Savings Bank Association is a new initiative to rebuild a network of customer-owned regional banks, in partnership with local people, local business, and local government. By working with Airdrie Savings Bank – one of the last remaining independent savings banks in the country – it hopes to simplify the process of starting a new bank by taking care of many of the IT, legal, and financial hurdles that make it so difficult to compete with the Big 4.

Over the coming months, we will be working in a number of localities to explore the potential for new community banking solutions to help put local people back in control.

### **NEXT STEPS: ORGANISING WITH SMALL BUSINESSES AND RURAL COMMUNITIES**

There are plenty of groups that have reason to want to take control of our banking system. If we can organise and build the power of these groups more effectively, we can begin building new alliances that can ultimately reshape the system.

Groups like the SME Alliance, the Bully Banks campaign, and various cross-party parliamentary groups are fighting difficult battles for redress for small business owners whose lives and livelihoods have been destroyed by big banks. Some are also fighting for changes to the legal regime to give banks a stronger duty of care to their clients, preventing them from wilfully exploiting customers with much less knowledge about their products – and for a stronger stance from the regulators. These groups need much more support from civil society if they are to take on some of the country's most powerful institutions and win.

The communities that are being hit hardest by branch closures, including many of the rural and coastal communities that voted Leave, are also starting to get organised. NEF is committed to helping these communities really take control of their local economies.

Finally, we need to organise within formal politics to redress the inequality of arms that skews the debate on banking and finance. Banking regulation is increasingly complex and technical, and large banks employ armies of lobbyists to shape the solutions on offer. We are committed to providing a strong independent counterweight, building the leadership of those with an interest in reform and making space for those whose voices often go unheard.

## GET INVOLVED

If you're interested in working with us to help build a better banking system, please contact [laurie.macfarlane@neweconomics.org](mailto:laurie.macfarlane@neweconomics.org)

## READ MORE

**Reforming RBS:** Local banking for the public good [http://b.3cdn.net/nefoundation/141039750996d1298f\\_5km6y1sip.pdf](http://b.3cdn.net/nefoundation/141039750996d1298f_5km6y1sip.pdf)

**Our Friends in the City:** Why banking's return to business as usual threatens our economy [http://b.3cdn.net/nefoundation/b45df453702219060e\\_h8m6y71zc.pdf](http://b.3cdn.net/nefoundation/b45df453702219060e_h8m6y71zc.pdf)

**BOX 9. RODNEY & MIKE'S STORY**

Small businesses are, we are told by politicians of all persuasions, 'the lifeblood of the economy'. What is not well known is how vulnerable small businesses are to bank misconduct and how precarious their existence can be as a result. They are wide open to abuse and are not adequately protected by UK law.

People who have built up their businesses over years – restaurateurs, landlords, hoteliers, retailers, farmers – are powerless to prevent the destruction. Their livelihoods, and that of their employees, are taken away from them through no fault of their own.

The consequences are unsurprising: frustration, anger, shame, guilt, grief, and family break-up. The prolonged stress suffered by competent people unable to prevent a catastrophe is a recipe for depression, and there have even been suicides.

Rodney Hall and Mike Lloyd built up a successful chain of pubs in the Brighton area, financed by Barclays. From 2006 they were sold a series of loans with interest rate hedging products which they were told would protect them, but in fact locked them into crippling monthly payments when interest rates went down. Eventually, the company was put into administration and the pubs were sold off at below market value despite being profitable. Rodney and Mike's life's work was gone.

To make matters worse, because they were deemed 'sophisticated', they were excluded from the regulator's review of mis-selling and did not receive any redress. Rodney died aged 68 never having seen justice done. Mike is still trying to fight for redress and writes: 'The effect on me personally has been huge. I struggle to pay my mortgage or support my daughters through education. I am scared to take any risk with what I have left in case things do not work out and I am too old to start to rebuild. At 55, I am now drawing on my pension to help me support my family along with the small amount of work I can find. I am still alive and will not give up the fight for justice for us all.'

*Fiona Sheriff, Secretariat, APPG on Fair Business Banking*

**LET'S TAKE CONTROL  
OF HOW WE CARE  
FOR EACH OTHER:  
EVERYDAY LIVES AND  
RELATIONSHIPS**

**THE PROBLEM: WHO IS REALLY  
IN CONTROL?**

To care and be cared for throughout our lives is essential for meeting our needs. The instinct to look after each other is part of what makes us human – and doing things for others is vital for our wellbeing.

But we also want control of when and how we care. Today, the activity of caring is being subsumed by the skewed logic of our economic system in a way that can leave everyone feeling powerless – care workers, those who need care, and those who love them.

Care work – whether paid or unpaid – is still overwhelmingly done by women, and in the case of paid care work, increasingly by women who have migrated from elsewhere in the world. And whether they are mothers trapped in underpaid part-time work because of the need to look after their children, homecare workers on zero-hours contracts restricted to 15-minute visits, or mothers who have to fight for their disabled adult children to lead the life they choose, women who care often have little control over their own time.

Care is an activity that relies almost entirely on our time and on the quality of human relationships. Yet at the moment, we often lack the time to invest in these relationships. How we balance paid work and caring should be a positive choice we can all make – and for some, it is. But long working hours leave many of us with no choice but to spend a large chunk of our income paying others to look after the people we love. In the most regionally unbalanced economy in Europe, the realities of the job and housing market often leave us living far away from our families.

So who is really in control of our care system? Whether it is childcare or elderly care, a small number of big companies increasingly call the shots.

Over half of nurseries are in private hands, while three in four care homes are now run for profit, with a growing number of these controlled by just five large chains. Many are backed by private equity firms seeking large returns on investment. But because care depends on time and relationships, it is difficult to extract this level of profit except by squeezing care workers' wages or sacrificing the quality of care.

Those with the most at stake have the least control, and we are not making good use of our resources.

Taking the practical example of looking after young children, many parents feel that the needs of their children lose out to the pressure of work. UK parents pay on average 27% of their income on childcare – the second highest in Europe. And yet those doing the caring are chronically underpaid and undervalued.

### THE SOLUTION: TAKING CONTROL BY CARING FOR EACH OTHER

We badly need a new approach which values both paid and unpaid care work and which gives us more control over the relationships that matter in our lives. Everyone should have the time and freedom to care for those they love. This is one of the many potential benefits of spreading paid and unpaid work more evenly across society. NEF has long campaigned for a reduction in the standard working week for precisely this reason.

But this cannot just be about freeing up more time for people to care for their loved ones at home. People also need the freedom from caring responsibilities that comes from decent, universal professional care services. Needing care is a risk that falls unpredictably and unevenly, often with heavy consequences for the lives of informal carers. This means care is something we need to take responsibility for providing together.

### BOX 10. NATALIE'S STORY

'My mum is a single parent. For her, combining paid work and unpaid care whilst navigating a complicated benefits system was difficult. She had always worked full time and was now bringing up twins without any support from my dad. She experienced stress, anxiety and loneliness and struggled financially. She was reliant on my grandmother, limited in her options and anxious about how any change in circumstance might tip the balance.

I find it ironic that you can pay a childminder or nanny to provide care and it is seen as a paid job, and yet caring for your own children is not. Unpaid care is not seen as part of our economic system, and yet our economy depends on it. It plays a hugely important role in creating educated, well-rounded citizens.

We need more choices in how to bring up children. The challenges we face require us to think differently - to collaborate, to be creative and to find new solutions. I feel strongly that unpaid care needs to be valued more highly. I would like to see it become a collective endeavour, rather than something that individuals have to cope with alone. Ensuring that we can provide and receive good quality care matters to us all.'

*Natalie Gordon, LSE graduate  
now working in adult social care*

We cannot any longer accept the parody of control that says 'you are on your own' – that sees people in terms of their individualised 'care needs' rather than as part of a community where we look out for each other.

At the same time, services need to recognise the people being cared for as individuals with things to offer – not just a parcel of 'problems' – and support them to define the things that make their life a good one. For both elderly people and adults with long-term conditions or learning disabilities, we need to move away from the idea that 'control' just means having the choice between one day-care centre and another.

### **TAKING CONTROL WITH CO-PRODUCED CHILDCARE**

Achieving this is clearly going to be difficult.

Let us look more closely at the example of childcare. We need a universal National Childcare Service which gives everyone the right to access decent childcare. But to deliver it we will need a diverse range of new models which give more power and control to carers (both paid and unpaid). We can make the most of all our resources – both the skill and knowledge of professional childcare workers, and the wisdom and lived experience of families, friends, and local communities – to build a system that gives us all more control over our lives.

This principle – known as co-production – turns people from passive recipients of a service into active participants. It ensures that a service is truly grounded in what people want and need, and designed in a way that goes with the grain of people's lives, working in tandem with their social networks, family life, and working patterns. It makes use of communities' existing resources (like faith groups,

arts centres, libraries, and leisure centres), connecting people on the basis that everyone has something to contribute.

### **IT'S HAPPENING IN ... SWEDEN**

In Sweden, childcare is seen as a universal public service, unlike in the UK. Free universal childcare is provided by the state, with parent-led co-ops an important part of the mix in how this is delivered. There are 910 parent co-ops in Sweden, looking after over 20,000 children. Surveys of the co-op sector have found parents reporting significantly higher levels of social involvement, greater insight into child development and higher levels of satisfaction with provision when compared to municipal settings. Co-op staff also report feeling more satisfied with their working environments.

The biggest influence on a child's future comes from their relationship with their carers – and the context that carers find themselves in makes a huge difference to this relationship. Parents should be free to spend time with their children, but we also know that children benefit enormously from participating in childcare with others. We can build a new and better childcare system that invests in carers as well as in children, bringing together the work of the 427,000 people who work in childcare and early years with the 7.7 million families who have dependent children.

One way of doing this is to invest in new, parent-led, co-operative models of childcare which give both parents and childcare professionals more control. Although these models will not be suitable for everybody, they can be an important part of the mix in a good childcare system – as the example of Sweden shows.

**THE NEXT STEP: SUPPORTING  
PARENT-LED CHILDCARE CO-OPS**

Parent co-ops give parents real control over the care of their children – both by allowing them to participate in it directly alongside childcare professionals, and by giving them collective control over the co-op itself. These two features – parental ownership and parental involvement – are what makes parent-led childcare co-ops unique.

Successful parent co-ops expect parents to contribute time and skills both to the management of the nursery and to looking after the children, with the level of involvement usually determined by how many hours their child is attending. This means the co-operatives cost significantly less to run than standard nurseries, making them a much more affordable option.

Professional childcare workers are central to this model: It is not about replacing or undervaluing their skills, but about engaging parents alongside them. Successful co-ops report that their staff need to be even more skilled than in standard nurseries, because part of their role is to help support parents to engage. Staff members are commonly members of the co-op, too, and tend to report feeling more valued and in control of their work, as well as being better paid and less likely to leave.

A co-operative approach to childcare builds a family of families, able to work together and support each other beyond the nursery walls. Having parents take shifts alongside childcare professionals in the nursery creates a non-stigmatising environment in which people can learn from one another, and means parents take skills home with them, changing the home environment for the child, too.

**BOX 11. GRASSHOPPERS  
IN THE PARK**

‘Our family has been involved in Grasshoppers for over 3.5 years. Our son joined at the age of 2, and stayed at Grasshoppers until school-age; our younger daughter (now 3) joined him in the summer before he left, and still attends now, one year on. Throughout their time at Grasshoppers, they have been loved, challenged, and inspired by fantastic staff and a wonderful, warm atmosphere.

I have served as a director of the nursery for the past three years, sometimes in partnership with others, sometimes alone. It is a lot of work at times, but it has been a great way to be part of a community organisation with a social conscience. There are also a lot of willing bodies ready to share the workload, which is essential.

Grasshoppers’ model has some real strengths. Because many admin roles are done by volunteers, and because no one is taking money out of the nursery, we are able to keep fees comparatively low, offer reduced fees for lower-income families, and employ highly-qualified staff on wages higher than the average (admittedly in an underpaid sector). Staff turnover is very low as a result: this leads to real consistency and a stable environment for the children, as well as supporting our staff to develop their professional skills.’

*Daffydd Williams,  
Grasshoppers in the Park*

Parent-led childcare co-ops are much more common and organised in many other countries – including Canada, New Zealand, Sweden, and Italy. In the UK, there are already some successful examples – like Childspace in Brockwell or Grasshoppers in the Park in Hackney.

Many parents report that this has a real impact on their confidence, with a number of stay-at-home parents involved in Childspace going on to retrain either as childcare workers or in other careers. This mirrors research in the USA, where disenfranchised mothers participating in childcare co-ops described a feeling of real belonging and empowerment, with most making significant changes to their lives as a result.

Of course, there are challenges.

Not all parents find it easy to commit time to the co-op. Many successful parent co-ops adapt their requirements to allow parents to substitute shifts with other family carers (like grandparents) or temporarily reduce their time commitment in exchange for higher fees. And participation is easier for those who already have more control over their time, for example by having access to flexible working arrangements or being self-employed.

Many co-ops, like Grasshoppers, work hard to diversify their intake. But over time, we need to push for more structural changes – for instance, higher wages and stronger workplace rights – to give everyone an equal chance to participate in these new solutions. Business also has a role to play: in the USA, one employer now incentivises its staff to take part in childcare co-ops by ensuring the days they spend caring are additional to their holiday allowance.

We also need to build a strong movement of parent co-ops, which at the moment tend to be isolated experiments without a wider network to support them – so that parents are not learning from scratch every time. This network effect is part of what makes small, human-scale care co-ops viable in places like Italy and France.

NEF is working to help pilot new approaches that can help parent-led childcare co-ops to get off the ground, particularly in lower-income areas. We will be co-designing childcare with parents to make sure it meets their needs and building a stock of resources to help parents and professionals who want to start co-ops to navigate the legal, financial, and regulatory landscape.

We are committed to supporting parents to really take control of their time and the care of their children.

By doing this, we can start to put control of our care system where it belongs – in the hands of those who care and those being cared for.

### GET INVOLVED

If you are interested in getting involved in our childcare co-ops pilot programme, please contact [lucie.stephens@neweconomics.org](mailto:lucie.stephens@neweconomics.org)

### READ MORE

**The value of childcare:** quality, cost and time [http://b.3cdn.net/nefoundation/d38d274699e1ad7438\\_jxm6i2v5l.pdf](http://b.3cdn.net/nefoundation/d38d274699e1ad7438_jxm6i2v5l.pdf)

**Co-produced childcare:** An alternative route to affordable, high quality provision in the UK? [http://b.3cdn.net/nefoundation/c142e402b391ed2097\\_z7m6ibzpa.pdf](http://b.3cdn.net/nefoundation/c142e402b391ed2097_z7m6ibzpa.pdf)

## LET'S TAKE CONTROL OF OUR COMMUNITIES: DEVOLUTION AND DEMOCRACY

### THE PROBLEM: WHO IS REALLY IN CONTROL?

Last October, George Osborne stood up at Manchester's Central Convention Complex to launch his plans for a 'devolution revolution'. The Treasury itself appeared to have been converted to the dispersal of economic power. A few weeks earlier and a few miles to the north, a group of Salford locals had gathered in a chilly church hall to explore their own local economic development plan. Regenerating the local high street was top of the agenda.

The two should have gone together. But ask those local people in Salford whether devolution is delivering and they will give a very mixed answer. In fact, the new development of luxury and student flats just down the road, trumpeted by the authorities, was being connected directly to the city centre via a new shopping mall, totally bypassing their estate.

This is symptomatic of a much deeper problem with devolution: local people are not really in control. Devolution deals are made behind closed doors, with very little public debate about what they should look like. Central government still holds all the cards, setting the terms of new devolved powers and budgets and able to take them away again. Local authorities are rarely in the driving seat, let alone local citizens. Some people are concerned that devolution could simply turn councils into agents for implementing spending cuts, or trap them in a race to the bottom as they compete to attract (local or international) economic elites.

Furthermore, the targets often seem to be all wrong, with the focus almost continuously on growth – GDP – and growth alone. But focusing solely on growing sectors that can boost GDP – like finance – has not delivered better lives and livelihoods in communities that are cut off from those sectors.

Attracting highly skilled workers into Salford and building luxury flats for them to live in, may at best bypass the people who already live there, and at worst leave them excluded from their own communities.

### **THE SOLUTION: PEOPLE-POWERED DEVOLUTION PLANS**

If we want devolution that really redresses the imbalances in our economy, then meeting the needs of local people must be at the heart of the process – not an afterthought. That is why control is so vital. Local people themselves should be the ones that get to say what those needs are, and to develop strategies to achieve them.

Democracy and participation are the missing link in the devolution debate. Top-down devolution is a contradiction in terms.

We need ways for local people to debate what devolution and regional economic strategies are trying to achieve – whether it is better jobs, a low-carbon economy, or more empowered communities – rather than simply assuming their goal is to maximise the local contribution to GDP.

We also need to talk about how devolution can genuinely improve democracy itself. Rather than assuming that elected mayors will automatically improve responsiveness because they are more local, we can use this opportunity to experiment with more radical approaches to democratic renewal – like citizens' assemblies and participatory budgeting – enabling local people and communities to really take control over their futures.

Participatory budgeting – where local people gather in open forums to deliberate and decide how money is spent – was pioneered in Porto Alegre, Brazil, in 1989, where it successfully involved people usually excluded from the political process and shifted spending priorities to supporting the poorest parts of the city. It has since been used successfully in a number of countries to make public spending more effective, empower citizens, and reduce inequality.

Often, UK-based experiments in participatory budgeting have dropped the ambition to influence significant budgets and have only been given the power to allocate small community grants. This has created some cynicism about how far they can deliver meaningful change. But we can learn from the best international experiments to design and implement processes which really put local people in control. For instance, local authorities could use participatory budgeting processes to allocate their new Single Investment Fund.

Likewise, if we are serious about shaping better places to live, local communities may need to demand greater power over planning and land use, including the right for citizen groups to table their own proposals as well as locally elected representatives.

### **THE NEXT STEP: A CITIZENS' ASSEMBLY FOR EVERY REGION**

Citizens' Assemblies are gatherings of citizens, usually selected randomly to be representative of the population, who convene to discuss and deliberate an issue through deep, informed consideration of the options and arguments. They have become popular around the world as a way of enabling participation in decisions by ordinary citizens who are affected, not just political elites.

**IT'S HAPPENING IN ... COLLYHURST**

The community of Collyhurst, just outside Manchester City Centre, is vibrant. Despite the high unemployment and low incomes in the area, they have pulled together an incredible set of initiatives in the past few years to revitalise their community, ranging from community-run catering companies and cafés, to small businesses in grounds maintenance and tree surgery, to community food-growing schemes – along with many other socially focused projects to reduce debt and improve people's skills and confidence.

Devolution could be an opportunity for them: Collyhurst residents have no shortage of ideas about how they might take up the opportunities that come with new investment in Manchester City Centre and an influx of new businesses and people. Yet the current approach risks locking the people of Collyhurst out of Manchester's new growth. In fact, the small industrial estate that houses three active medium businesses – a paint factory, a warehouse, and a printing factory

– is due to be demolished, the businesses relocated, to make way for new housing designed for young professionals working in the city centre.

Funded through Big Local and Community Economic Development programmes and in partnership with NEF, the community has set up a new dialogue with local officials, including the regeneration team, who are ready to hear their proposals for how this could be done differently – but are themselves locked into very tight demands to deliver rapid growth for the Greater Manchester area. The community wants to offer a different kind of contribution to Manchester's economy than just being a dormitory suburb, and it is not short of good ideas or business know-how. As things stand, though, none of these will be realised unless there is a commitment to re-think the wider economic strategy for the area – and the community is trying to do just this.

**“CITIZEN ENGAGEMENT HAS TO MOVE AWAY FROM SIMPLE VALIDATION TO BECOME AN OPPORTUNITY FOR PEOPLE TO ACTIVELY INFLUENCE AND SHAPE THE PRIORITIES THAT COUNCILS SET, WITH A HEALTHY AND MUTUALLY REINFORCING BALANCE BETWEEN REPRESENTATIVE AND PARTICIPATORY DEMOCRACY.”**

**CORNWALL COUNCIL**

**BOX 12: THE DEMOCRACY  
MATTERS PROJECT**

Two pilot assemblies were held in Sheffield and Southampton in 2015 to ask how new devolution deals could be established in a way that answered to the needs and priorities of local people.

Both assemblies were made up of around 30 members – in Sheffield, selected randomly to represent the local population via an initial filtering survey, and in Southampton, a mixture of randomly selected citizens and local politicians. One of the challenges highlighted by the process was the difficulty of recruiting truly representative samples via traditional polling and survey companies, whose lists tend to have a self-selecting bias towards those with the time, skills, and inclination to make their voices heard. More creative and community-focused forms of recruitment may be needed to convene Citizens' Assemblies in a way that truly overcomes, rather than reflects, existing power inequalities.

Assembly members attended two weekend assemblies where they heard evidence on different options for devolution; had group and plenary discussions; and had the chance to ask further questions, request more information, and continue the discussion between the sessions through a Facebook group.

Both assemblies opted for a more ambitious system than the one proposed in the devolution deals on the table – with both favouring an elected regional assembly, with powers beyond those currently on offer, rather than just an elected mayor.

The South Yorkshire Assembly also favoured stronger community powers below regional level, and more ways for local people to be directly involved in decisions, for example through local referendums and participatory methods – though they emphasised that this would only work if citizens were helped to engage more.

A large majority felt that Sheffield should push for a better devolution deal, with a feeling that the mayoral model was being imposed from the outside – although they recognised that central government held the power in this situation and that the region risked losing new powers and funding if it rejected the deal.

Meanwhile, the Southampton Assembly identified health and social care as a clear priority – striking given that this was not part of the Hampshire and Isle of Wight Prospectus, the devolution deal on offer for the area in question.

All the members of Assembly North said they would be willing to continue participating in the process – showing the potential of Citizens' Assemblies to galvanise and empower people to take control of decisions that affect them.

For example, Canada has a history of using randomly selected Citizens' Assemblies to inform major decisions about reform of the voting system, including in Ontario in 2006 and British Columbia in 2004.

Citizens' Assemblies could be used both to inform the process of devolution itself, and as a longer-term solution for boosting local democracy and control – not just in areas currently negotiating devolution deals, but everywhere. The Democracy Matters Project, led by the Electoral Reform Society, has piloted the use of Citizens' Assemblies on devolution. The project has shown the model's enormous potential, but the assemblies did not have any formal powers (although their findings were shared with local councils and decision-makers).

So much more could be achieved if local and regional authorities used Citizens' Assemblies to make devolution deals genuinely accountable to citizens – bringing closed back-room discussions out into the open, and starting a public debate about what people in those places really want.

### READ MORE

**Democracy: The missing link in the devolution debate** [http://b.3cdn.net/nefoundation/1888588d95f1712903\\_e3m6ii50b.pdf](http://b.3cdn.net/nefoundation/1888588d95f1712903_e3m6ii50b.pdf)

**LET'S TAKE CONTROL  
OF OUR LAWS:****CHALLENGING  
CORPORATE  
CAPTURE AT HOME  
AND ABROAD****THE PROBLEM: WHO IS REALLY  
IN CONTROL?**

One of the most important functions of a democracy is the ability to create and enforce rules to protect our children, our health, our rights, and the environment. And a key claim of the Vote Leave campaign was that Brexit would help us 'take back control of our laws' from unelected bureaucrats in Brussels.

It is certainly true that many people's votes to leave were swayed by the feeling that government in all its forms – local, national, or from Europe – seemed distant and uncaring. But the sad irony is that while successive UK governments have willingly handed over power, it has not been to Brussels – but to corporations and their unaccountable lobbyists.

Laws and regulations have been steadily and deliberately chipped away, with ever-greater hurdles put in the path of making new ones. If a department wants to bring in a rule that could cost business money – whether it is a higher minimum wage or a food safety standard – it now has to scrap existing rules worth at least three times that amount (the so-called one-in, three-out rule). With every passing year, it gets harder to hold big companies to account.

Meanwhile, whole areas of policy and enforcement are quietly slipping into the hands of the very industries they are supposed to keep in check. Farming lobbies are being invited to shape how we enforce animal welfare standards. Fast food giants and drinks manufacturers are being given control of public health policy. The fox is being put in charge of the henhouse.

And in recent years, the UK has been the driving force behind giving those same lobbyists ever greater control of what happens in Brussels, too.

European policy has been slowly reshaped around the demands of big business, just as it has here.

The UK still supports hugely controversial deregulation deals between the EU and other trading blocs, such as the TTIP between the EU and the USA. The TTIP's better known aspects, like secret courts that allow companies to sue governments about laws that hurt their profits, have provoked EU-wide criticism. But it is the small print that contains the nastiest surprises, with bland-sounding 'regulatory co-operation' clauses that will give big business a permanent hand on the tiller of how our laws are made.

We are losing control of being able to set the rules by which companies operate. Now the danger is that Brexit will be used as an excuse to put deregulation on steroids – both at home and abroad.

## **THE SOLUTIONS: REALLY TAKING CONTROL OF OUR LAWS**

We must take back control from corporate lobbyists, and end the phony war on so-called red tape – which increasingly is really a war on the social and environmental protections that keep us all safe. We need to:

### **1. Maintain and improve our social and environmental protections**

The UK faces a choice as it comes to terms with the sort of country it wants to be. Do we want a bonfire of laws and regulations that keep us safe and protect the natural world that our children will inherit? Do we want a race to the bottom in a tax haven economy that seeks to attract big business by asking less of them? Or do we want a healthy environment, safe products, responsible companies, and high social and labour standards? And do we want our businesses to be the

greenest and most responsible in the world?

No one voted to leave the EU because they want our waters to be polluted or our work to become less safe. The coming months and years will be pivotal as we work out what Brexit means for the UK and what is to become of the many critical protections that derive from EU law – whether they relate to clean air or biodiversity, maternity rights, or product safety. It is critical during this time that we have strong civil society movements defending these protections.

And we need to stand with those across Europe who are trying to stop Brexit being used as an excuse to strip back protections and hand more control to vested interests. If the EU is serious about reforming its democracy, it needs to start by halting the transfer of power to big business and putting the needs of its citizens first.

### **2. Hold our representatives to account for the trade deals they are making on our behalf**

The UK still has huge influence in the world. It should use that influence for good – keeping standards high at home and requiring others to meet those if they want to trade with us. After all, trade is supposed to be about building prosperity for all, and is not an end in itself – certainly not one that justifies giving up control of our own laws.

Yet there is already evidence that post-Brexit Britain is being marketed to the rest of the world as a low-tax, low-regulation jurisdiction. As we renegotiate our trading relationships in the wake of Brexit, it is vital that we hold our representatives to account for the deals they are making – and make clear that the vote for Brexit was not a vote for a tax haven economy.

It should be a precondition of any trade agreement – bilateral or as a residual part of our membership of the EU – that the UK will only sign up if it is actively designed to meet global climate commitments or treaties on, for example, human rights. Trade deals should be races to the top, not to the bottom.

### **3. Give everyone a voice in how new laws are made – not just big business**

Whether it is law-making at home or negotiating trade deals abroad, big decisions with winners and losers should be taken in an accountable, democratic and transparent way. Preventing corporate capture is about much more than just exposing formal lobbying: we also need to challenge the ways in which big corporations are actively being put in the driving seat of policy-making. And we need to rethink how laws are made so that the interests of all those affected can be truly represented.

Unfair and irrational clampdowns on law-making, like ‘one in, three out’, are explicitly designed to put the interests of business above all else. And, although often presented as being good for small business, in fact these processes favour the biggest bullies in the playground. Good laws often protect small businesses from being exploited or badly treated by bigger companies, whether it is the banks who lend to them or the supermarkets they supply. And big multinationals have the deepest pockets with which to take advantage of new opportunities to influence the law-making process.

Fixing this is partly about finding better ways to understand the impacts of decisions. The dominant economic

models disguise trade-offs between cheap products and our children’s safety, or between workers’ rights and company profits, by converting them all into a single monetary value and purporting to identify the ‘best’ option. And by cloaking these value judgements in a false sense of objectivity, they disempower us from challenging them. New methods, like multiple criteria analysis, can expose these trade-offs more clearly and allow for informed debate about what we want to prioritise and what we are willing to sacrifice.

These new approaches recognise that decisions about new laws are inherently political, with winners and losers. This opens up space for more deliberative and inclusive ways of making policy that allow everyone’s voice to be heard – from public dialogues and participatory budgeting to citizens’ juries and assemblies. These approaches can be piloted at local level and demanded on the national stage. In this way we can reclaim our right to speak for ourselves, rather than being reduced to inputs in a model.

### **THE NEXT STEP: BUILDING A STRONG CIVIL SOCIETY COUNTER WEIGHT**

None of this will be possible without strong movements demanding that we *really* take control of our laws – in a way that protects the rights and interests of all citizens and the environment, not just the interests of big international companies.

Brexit gives a new urgency to the need for progressive answers on trade and democracy. The TTIP currently looks to be on shaky ground following a huge civil society backlash on both sides of

**BOX 13. STANDING UP TO  
UNDEMOCRATIC TRADE DEALS:  
TAKING CONTROL WITH MASS  
MOVEMENTS**

"A dangerous new generation of free trade deals are being negotiated by governments around the world. In Europe, TTIP, CETA, and the Trade in Services Agreement (TiSA) would hand unprecedented amounts of power to big business.

They could open up our public services to irreversible privatisation, drag down food safety and environmental standards, shackle local democracy, and threaten workers' rights. They would set up private court systems for corporations to sue governments for laws that affect their profits. And this is only the tip of the iceberg.

But campaigners of all stripes have joined forces to fight back, and those pushing for these deals have been forced onto the back foot. This is an exciting time for progressive campaigning. People are waking up to the way that anti-democratic corporate power is being unleashed under the guise of 'free trade'. Now is the time to stand together against this assault on our democracy.

The TTIP is on its knees, and cracks are appearing in the CETA negotiations. If we keep fighting, we can stop these deals. And we can build on this momentum to demand a true alternative to a system that prioritises corporate profit at the expense of democracy, human rights and the very sustainability of our world."

*Aislinn Lambert,  
Students Against TTIP*

the Atlantic – but CETA (a Canada-Europe agreement) remains firmly on the cards. Brexit could also see the UK negotiating new bilateral trade deals with countries like Australia and China. People power will need to keep on being heard to demand that deals like these truly protect the rights and interests of ordinary people, both here and overseas.

And we need to apply the same energy to taking back control of the law-making process here in the UK. Environmental groups are already mobilising to ensure that our protections are maintained and enhanced as we exit the EU. But we need to see much more of this, and much broader alliances, if we are to change the terms of debate and the balance of power.

Too often campaigners are stuck fighting individual battles – to protect biodiversity laws, or rights against unfair dismissal – and are not able to organise together against the wider assault on regulation. NEF is working to help convene campaigners on issues from animal welfare to workers' rights, from climate change to banking reform, to ask how we can stand together more effectively in this critical post-Brexit period.

**GET INVOLVED**

If you are interested in getting involved with our work to build new coalitions on deregulation and trade, please contact [david.powell@neweconomics.org](mailto:david.powell@neweconomics.org)

**READ MORE**

**Threat to democracy:** The impact of 'better regulation' in the UK [http://b.3cdn.net/nefoundation/9c5f5f6281c949ddd9\\_uom6bvj9y.pdf](http://b.3cdn.net/nefoundation/9c5f5f6281c949ddd9_uom6bvj9y.pdf)

**LET'S TAKE CONTROL  
OF OUR ECONOMY:**REBALANCING  
POWER AWAY  
FROM THE CITY**THE PROBLEM: WHO IS REALLY  
IN CONTROL?**

The UK is the most regionally unequal country in Europe. Only London and the Southeast have a higher income per head than the EU-15 average, with all other regions – representing 73% of the population – less wealthy than the average.

The choice to specialise in financial services and rely on the City of London has not just neglected other regions and sectors - it has actively undermined them. London's status as a global financial hub, and the tsunami of capital in-flows from abroad that goes with it, has kept the pound high, making our exports more expensive. This has accelerated deindustrialisation in former manufacturing areas and produced a yawning trade deficit.

It has created a highly centralised financial sector more focussed on international markets than on supporting domestic businesses (see chapter on banking). And it has increasingly controlled our politics and limited our capacity to influence how the economy works.

In the wake of Brexit, Britain faces a stark choice.

Does it double-down on this model, further cutting taxes and regulation for the City in an effort to maintain our status as a global financial centre? Or genuinely try to rebalance the economy away from such heavy reliance on London and finance?

Talk of 'industrial strategy' has returned to political debate. But what does this really mean? The devil is in the detail. Moves to cut corporation tax or dramatically reduce regulation (both already among the lowest in the developed world) are really just the 'tax haven Britain' route by another name. They will give us collectively less control, not more, over our economy

and the outcomes it delivers. We need a much more fundamental rethink, as Theresa May acknowledged in her speech to Conservative conference.

### **THE SOLUTION: TAKING CONTROL BY REBALANCING OUR ECONOMY**

We need to take a step back and ask what we really want our economy, and therefore an industrial strategy, to deliver.

We need good, well-paid jobs in communities up and down the country. We need a rapid transition towards a sustainable, low-carbon economy. And we need to reduce inequalities and give people in every region of the UK a sense of real control over their lives and their communities.

Focussing almost solely on selling financial services to the rest of the world has signally failed to deliver any of these things. This means a real industrial strategy cannot just be about particular companies or sectors. It must be about investing in building the capabilities of people and communities, recognising that wealth is collectively produced by all of us and that the economy is only succeeding if it is truly benefitting all of us.

It must start in the communities that have been left behind, asking what they need, what assets they have that can be built on, and how their local economies can be strengthened and made more resilient. For instance, the technology exists to make Port Talbot a world leader in sustainable steel. And, with the Swansea Bay Tidal Lagoon just down the coast, this area also has huge potential for renewable energy to create good, sustainable jobs.

It means really investing in those communities – in broadband and transport infrastructure to level the playing field with London and the Southeast, and in social infrastructure

like care, health and education.

Alongside public investment, it means incentivising private companies to reinvest their profits rather than channelling them towards inflated dividend payouts.

And, rather than courting only multinationals, it means focussing on supporting small and medium-sized enterprises (SMEs) – the backbone of all successful economies and responsible for 60% of all private sector jobs in the UK. It means committing to end practices that allow companies like Amazon and Apple to pay less tax than the average SME.

To really put local people in control of their economies, a concerted effort is needed to develop strong local supply chains. Councils should be allowed to actively nurture and favour local businesses which provide good quality local jobs and keep wealth circulating in the local area. They can also experiment with supporting models of enterprise which really put employees in control, such as co-operatives, and building strong local networks to support them.

It is happening in other countries. For example, Cleveland, Ohio is home to the 'Evergreen Co-operatives' initiative: a highly successful effort to create local worker-led co-operatives in areas of deprivation and to build a network of local 'anchor institutions' committed to spending with them. This is part of an approach known as 'community wealth building', focussed on building strong local networks and assets from the ground up, rather than seeking to attract footloose capital and hoping its benefits will 'trickle down'. Working with the Centre for Local Economic Strategies (CLES), Preston City Council has pioneered this approach in a UK context.

**IT'S HAPPENING IN ... PRESTON**

Preston, Lancashire has gained a reputation for its innovative approach to local economic development – be it becoming the first Living Wage local authority or a £100m investment fund created by the Lancashire County Pension Fund to invest locally.

Since 2012, inspired by Cleveland's Evergreen Co-ops, they have built a network of anchor institutions (including universities and public authorities) committed to maximising their positive impact on the local economy. The initiative has focussed particularly on using procurement spending to strengthen local supply chains.

The network has analysed their institutions' spending to identify opportunities to minimise 'leakage' out of the local economy, and has worked together on ways to make it easier for local small businesses to access procurement opportunities. It has also begun identifying key gaps where local suppliers cannot meet their procurement needs, with the aim of supporting the development of new co-operative businesses to fill these gaps.

The network also has ambitions to work together to support broader community wealth building initiatives, from community energy to the Living Wage – finding ways to empower local people and keep wealth circulating in the local economy.

**THE NEXT STEP: A BLUE NEW DEAL FOR COASTAL COMMUNITIES**

Around 11 million people live on the UK coast, and coastal communities have among the highest levels of deprivation in the country.

Coastal communities need more and better jobs now, and increased economic resilience to face the challenges of the future. The New Economics Foundation has worked with over 600 people from every region of the UK coast – including fishers, academics, environmental groups, local councils, communities, businesses and investors – to develop a Blue New Deal action plan for coastal communities, to be launched in November 2016.

The overwhelming message from these conversations has been that people want to be in the driving seat, leading a new approach to regenerating their communities. And they need a government that sets the right conditions and gives them the right tools to do it.

Coastal communities face unique challenges: greater vulnerability to climate change; underemployment and educational underachievement; a greater proportion of elderly people; lack of transport and digital infrastructure; and the decline of traditional industries like fishing and tourism.

But they also have a unique asset: the sea. A Blue New Deal for coastal communities must start by asking how communities can be supported to make the most of this asset, now and for future generations. A healthier coastal and marine environment can play a key role in delivering many of the things that coastal communities need and want. This means investing in innovation to strengthen sectors like inshore fisheries, aquaculture, tourism, energy and coastal management.

And it means doing it in a way that supports local jobs and puts local people in control. Many of the people we spoke to felt unrepresented and powerless over the resources and decisions that affect their lives. For example, just three companies control 61% of the fishing rights in England, while small-scale inshore fishers only have about 1.5%, despite supporting more jobs and playing a crucial role in the cultural and economic life of many fishing communities. This needs to change if we are serious about putting coastal communities in control.

There are some inspiring examples of community-driven management of the marine environment - like COAST in Arran, Scotland (see box), an NGO led by local people who worked to set up a Marine Protected Area (MPA) around the island, after years of overfishing and declining economies. We need to champion and build on these innovations.

But coastal communities cannot be expected to do it all themselves. They need investment – in physical and digital infrastructure, including broadband connectivity; in restoring coastal and marine ecosystems; in education, skills and facilities to meet and self-organise. This demands both government support and better channelling of private investment, including by reshaping our banking system to better support communities.

The launch of our Blue New Deal Action Plan is just the beginning. We will be working with coastal communities up and down the country to help them revitalise and take control of their local economies, and to speak with a louder voice in government and parliament.

#### BOX 14: ARRAN'S COAST INITIATIVE

"The COAST initiative on the Isle of Arran is built around the concept that if the marine environment thrives, then everyone dependent on it will too. The Lamlash Bay No Take Zone is recovering well and this success is expected to have a positive effect on the surrounding waters, benefiting scallop divers and creelers that work within the newly created South Arran MPA. It also helps generate many tens of thousands of pounds for the local economy.

"The need to restore marine habitats and properly manage these ecosystems for the benefit of society and the economy is not unique to The Clyde. What is really exciting is that other groups across the country are waking up to the huge potential of our marine environment. The Blue New Deal is a welcome initiative to build on and strengthen this momentum."

*Howard Wood, Chair and Co-Founder, COAST (The Community of Arran Seabed Trust)*

#### GET INVOLVED

If you would like to get involved with the Blue New Deal initiative, visit [www.bluenewdeal.org](http://www.bluenewdeal.org) or contact [Fernanda.balata@neweconomics.org](mailto:Fernanda.balata@neweconomics.org)

#### READ MORE

##### Towards a Welsh Industrial

**Strategy:** [http://b.3cdn.net/nefoundation/76fbd0aabdb290c755\\_qim6bkj2q.pdf](http://b.3cdn.net/nefoundation/76fbd0aabdb290c755_qim6bkj2q.pdf)

**Blue New Deal** Good jobs for coastal communities through healthy seas: [http://b.3cdn.net/nefoundation/2ec4a9d52360c8dd5a\\_a7m6yt6ik.pdf](http://b.3cdn.net/nefoundation/2ec4a9d52360c8dd5a_a7m6yt6ik.pdf)

**CONCLUSION:  
CONTROL IN THE  
BREXIT ERA**

WE HAVE PRESENTED  
HERE AN AGENDA  
FOR CHANGE. AN  
AGENDA WITH THE  
PRIMARY PURPOSE  
OF BUILDING A NEW  
ECONOMY THAT  
REALLY DOES PUT  
THE PEOPLE OF  
THIS COUNTRY IN  
CONTROL.

We believe in this agenda. But we also recognise that it we will need to argue for it and campaign for it in the most difficult of circumstances. For despite all of the opportunities we have described, change in Britain over the next few years will take place against the extraordinarily difficult backdrop of Brexit.

None of us yet know what Brexit will look like. We do not know what our European allies and partners will wish to achieve in the negotiations, either for themselves or for the future of the EU. We do not know what kinds of trade-offs will be required to enable Britain to remain an active trading partner with the EU. And we do not know how the day-to-day politics will play out in a country that remains as divided now by the European question as it has ever been.

We are sure, however, of two things.

First, the referendum campaign was fought against the backdrop of a deeply divisive debate about immigration.

There is no doubt that immigration is a complex concern, encompassing worries about our national identity, the character of our communities, the future of our children, and the strength of our public services. At root of much of the debate, however, has been an argument about the economic impact of immigration, especially on the wages of those working in relatively unskilled occupations in parts of the country which have witnessed severe industrial decline.

This is, we believe, an error. Immigration is not the cause of the economic decline of so-called left-behind Britain. The old economic orthodoxy is. And efforts to curtail immigration will not, therefore, help turn things around for those left behind by our economy. In fact, they may well make things significantly worse, in part by reducing demand in our economy and also by increasing that part of the economy which exists beyond the law. The most likely growth area when people are pushed outside of regulated labour market and the protections of minimum wage is the irregular market. And that is when real undercutting of wages might begin. We know the debate about immigration will not go away. We are determined to do all we can to shape it in a way that reflects the economic facts, not fictions.

We are also determined that we lead that debate in a truly democratic spirit: a spirit true to a commitment to enabling people really to take control. We know it is vital to listen to everyone's concerns, to work with the communities most affected, and to shape an agenda that everyone can share. We will not resolve people's anxieties just by citing facts and figures. We need to rebuild real communities, draw people together and find a common good across different backgrounds that stands up to the real causes of people's hardships. We all have so much to learn from the endeavours of organisations like HOPE not hate and Citizens UK alongside the many campaigns that have worked so hard to ensure the basic rights of refugees and others are protected, such as those focused on the end of indefinite detention.

Second, beyond immigration, we realise that debates about Brexit will change almost every single day.

None of us can remember a time of such flux in our economy, society, or politics. There will be no clear and easy path from now to the end of an Article 50 process. No straightforward route to a new future, either for Britain or the rest of the EU. Prospects will go up and down, just like the pound in these early months.

No-one can truly predict in such a period of uncertainty. But, whatever we do not know, what we do know is that it presages profound change. After 30 or so years of an established order, things are about to be very different.

Our job, both as the New Economics Foundation and simply as people who care about our shared future, is to do all we can to be prepared. We do that by talking to new people, coming up with new ideas, forging new campaigns and – above all – by being ready to do all we can to really take control.



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**ACKNOWLEDGEMENTS**

Our thanks go to all the staff, trustees and supporters of the New Economics Foundation who contributed to this report. We are especially grateful to Robin McAlpine, Jeremy Gilbert, Sirio Canos Donnay and Jacqui Howard for their comments on drafts. Zoe Williams, Neal Lawson, Carys Afoko, Tom Baldwin, Jon Cruddas, Tess Gill, Arnie Graf, John Harris, Mary Riddell, Duncan Weldon, Ros Wynne-Jones and Matthew Butcher all also provided key advice and insights at crucial stages. Mika Minuio-Palleulo, Simon Bullock, James Angel, Beth Stratford, Charlie Fisher, Emma Ackerman, Eddie Molloy and Elly Baker each provided extremely helpful ideas for individual chapters. Most of all, we would like acknowledge the hundreds of people who participated in the Common Agenda process hosted by the New Economy Organisers Network. That process inspired our thinking right from the start. Responsibility for any errors in the resulting text is, of course, ours alone.