

What comes after the pandemic? a ten-point platform for foundational renewal

The foundational economy collective¹

“People only accept change when they are faced with necessity and only recognise necessity when a crisis is upon them”

(Jean Monnet, Memoirs, 1978)

In front page crises, about pandemics or financial markets, necessity is recognised and the battle cry of policy makers is “whatever it takes”. This was Mario Draghi’s promise at the European Central Bank in the 2011 euro zone crisis and it was repeated by Rishi Sunak the British chancellor at the beginning of the Covid-19 crisis. In this frame, European finance ministers, and heads of state like President Macron, also insist metaphorically that “we are at war”. War is invoked because it is the one national condition where the political aim of defeating an external enemy justifies breaking every rule of orthodox economic management for the duration of the struggle.

Against this background, we pose a different question about what comes after the pandemic when the public health emergency is over. Because the emergency of crisis necessity opens onto a field of post-crisis possibilities which are not always resolved in a progressive way. After the 2008 financial crisis, re-regulated banks were required to hold more capital; but the underlying problem of private debt creation in the financial markets was not addressed and giant corporates went into the 2020 downturn overloaded with BBB debt whose downgrade to junk status will financially embarrass the companies and the institutions which hold their debt.

At the same time, front page high visibility crises of the Covid-19 type can obscure low visibility crises where the recognition of necessity can be irresponsibly postponed. Thus, the nature and climate emergency is scientifically incontrovertible but the climate crisis is mostly locally invisible and multi causal so policy makers can virtue signal with empty promises about carbon neutral by 2050. At least until a vaccine is available, the locally visible and mono causal viral crisis is likely to crowd out concern with climate change as professors of epidemiology displace Greta Thunberg and the extinction rebellion protestors in the news bulletins.

And crises of public health or climate change which involve dramatic turning points and manifest existential choices claim attention in ways that slow insidious crises of erosion do not. Thus, all across Europe for the past thirty years we have an ongoing crisis about the erosion of social cohesion with increasing income and wealth inequalities doing real economic harm while feeding political mistrust of elites, fragmentation of parties and electoral volatility.

¹ <https://foundationaleconomy.com/>

Some of this is the unintended consequence of policy, as with quantitative easing and low interest rates which have everywhere boosted asset prices and wealth inequalities since the 2008 crisis.

Against this background, this manifesto is an intervention by a Europe wide group of academics -the foundational economy collective -who have for several years in books and articles² argued that policy makers need to balance concern with jobs and wages with more attention to the essential goods and services like housing, utility supply, health, education and care. These are not individual consumption from income but collective consumption because they depend on social provision of the foundational reliance systems which keep us safe and civilised.

Some have challenged the term “foundational economy” and the focus on reliance systems producing daily essentials. They prefer the broader term “everyday economy” which includes retail outlets like nail bars or flower shops. But the present crisis underscores the importance of the narrower focus because it demonstrates the importance of the foundational as that part of the economy which cannot be shut down. And the list of essential workers in each national economy provides a common sense and practical definition of what counts as foundational.

Some good must come from the pandemic insofar as it performatively demonstrates the importance of these reliance systems in the foundational economy. It also shows once again how in any crisis ordinary service workers will reliably perform essential social tasks with an uncomplaining sense of duty which is often absent in over-paid, chief executives. Nurses in intensive care units and the ill paid assistants in care homes become front line heroes; while supermarket delivery drivers are recognised as critical workers.

But public gratitude is often short-lived and many employers cannot afford to act on sentiment. The big question is whether we all by default revert to the “same old, same old” after the crisis. Or can we use the crisis actively as a lever to make the case for foundational provision recognising the value of collective consumption supported by infrastructural systems. Germany had a pre-crisis debate about infrastructure renewal with employers and trade unions (BDI and DGB) arguing for spending 450 billion euro on bridges, railways and school buildings. We would argue for broader programmes of renewal focused on citizen access to all the social protections and provisions which are the infrastructure of social well-being.

We argue the case for this broad social approach in a manifesto which is organised into three sections. The first section develops our argument about how and why in the midst of crisis we should develop a vision of a better post crisis future; the second section articulates that vision by proposing a ten-point platform which outlines some priorities of collective provision; the third and final section considers the tricky question of the politics of foundational renewal

² Foundational Economy Collective

a. Foundational Economy, Manchester University Press, September 2018; b. *Economia Fondamentale*, Einaudi, April 2019; c. *Die Okonomie des Alltagslebens*, Suhrkamp, June 2019.

when local specifics and the balance of political forces vary so widely within and between European countries.

1. Vision as compass: will it be 1918 or 1945?

In foundational thinking about the Covid-19 crisis we reject the usual political and media order of business: the political class spends most days dealing with today's problems which are what gets into (and has to be kept out of) tomorrow's newspaper; and so crisis management comes first and planning for the future postponed. Our priority is for policy makers and citizens to start thinking now about different and better post crisis provision while they are dealing with urgent, changing crisis problems.

Because the biggest question is about what happens after the crisis. Do we revert to the old order of priorities and forget what we have learnt about the importance of foundational provision; or can we find our way to building better foundational provision which broadens access for the many and adds meaning to citizenship? In answering this question, it helps to consider the historic European analogies: the question then is whether, when the crisis ebbs, we will in 2021 find ourselves again in a year like 1918 or 1945.

The First World War did not prepare the way for new national social settlements in the winners or the losers. After 1918, vindictive reparations were imposed on Germany under the Versailles Treaty and the long-term result was not reconstruction but revanchism. In Britain, prime minister Lloyd George promised "a country fit for heroes" before his government failed to build the promised half million houses and de-legitimised radical social reform for a couple of decades. There were of course city achievements, especially in inter war social housing, building on the tradition of pre 1914 "municipal socialism" which had first recognised the importance of collective action for living conditions in Birmingham, Rome and elsewhere. But the glorious foundational experiment of Red Vienna was always opposed in the Austrian hinterland and then cut short by civil war in 1934 which symbolically included artillery shelling of the Karl Marx Hof municipal housing complex.

After 1945, the winners and the losers both built better national settlements partly by accident and by design. Cold war realpolitik led to the ending of a short-lived programme for "dismantling" German industry and Marshall Aid after 1949 assisted the industrial reconstruction of West Germany on social market lines. The 1945-51 Labour Government in the UK built a new social settlement with educational reform, free hospitalisation under the NHS, extended social insurance and large-scale construction of social housing including new towns. Across Europe, new social rights became effective. So that, citizens in all the countries of Western Europe could by the 1960s take for granted an extension of social rights which would have been unthinkable in the 1920s or 1930s.

From our point of view, the important point is that the UK's post war settlement was planned and publicised in war time as soon as the immediate threat of invasion was over. The Beveridge plan for post war social insurance was published in 1942, sold 100,000 copies within a month in the UK, was translated into 22 languages and air dropped over occupied

Europe. The British government's conduct of total war did aggravate the Bengal famine of 1943 and included the bombing of Dresden. But British bombers also dropped German translations of Beveridge's plan. So that part of the British war effort was a worked out and ambitious national plan for using contributory social insurance after the war to abolish "want" or income related primary poverty.

All historical analogies are inexact but this analogy has a take away lesson: in the midst of crisis and the horrors of war, the vision of a better post crisis future backed by a concrete plan can be a motivational device for beleaguered citizens and will signal to the wider world that we have a moral and political compass which can guide us to a better place in the post war world. By analogy, this is now our mid-crisis opportunity. Even in the middle of the Covid-19 crisis, it is important to think through what we mean by better foundational provision so that we do not after the crisis default back on to business as usual with the same old players working the same old business models which have failed us socially and environmentally.

Meanwhile, citizens have day-by-day to get through a crisis where national governments have clear foundational provisioning duties: first, to physically secure and equitably distribute the supply of essential goods like food and services like health and care; second, to suspend the ordinary market processes which punish non-payers with service disconnection or housing eviction. These intersect with preventive monetary and fiscal policy interventions. Since Bagehot, central banks accept the obligation to inject liquidity to prevent financial markets seizing and banks failing; since Keynes, governments accept some kind of responsibility for counter cyclical fiscal policy to reduce unemployment.

At the beginning of the crisis, the European provisioning response was faltering: citizens as much as governments were slow to recognise that (without the Asian capacity to test and trace) only lock downs and enforced social distancing could avoid health system overload and many deaths. As we write this, in late March with most of Europe locked down, we are at the beginning of the next phase. On the basis of North Italian experience, the question is where and when intensive care services will be overwhelmed with pneumonia cases requiring ventilators, so that older citizens can at best receive no more than palliative care. In the later stages of crisis, if crisis drags out for 12 months in successive waves (as the Spanish flu did in 1918), the issue will become how to finance the cost of income maintenance arrangements which offer to replace lost wages.

In response to crisis, if the early provisioning response of national and regional governments was slow and inept, matters were not helped by what the Germans and Dutch call "hamster buying" of toilet roll, dry groceries and tinned goods. But foundational provisioning for the majority of citizens has one way or another to be maintained (though some groups will be denied access through triage decisions or policy oversight). Democratic governments gain political consent through an implicit social contract whereby they guarantee some basic forms of protection for their citizenry; in this case, failure of foundational provision in areas like food supply would quickly lead to a breakdown in public order.

Government has the resources and legitimacy to play a leading role in crisis provisioning, and business will behave cooperatively (if suitably primed with money). But the quality of life for

most of us will then depend on civil society and the effectiveness of hyper local community solidarity in the often overlooked, everyday activities that fill our days. All over Europe, volunteer coordinators are drawing up lists of our new post crisis civic duties for family and neighbours. One Welsh list now includes: dog walking, child-care, household administration, cooking, befriending, shopping and delivery driving and visiting to check on neighbours. This should leave many of us with enough time to think through foundational renewal.

2. A ten-point platform for foundational basics

This manifesto is being drafted in the early stages of the crisis with most of Western Europe locked down in anticipation of the wave of sickness and death that has already visited North Italy. If the provisioning response has been slow, the economic policy response of policy makers in every North European country has been swift, bold and unorthodox.

Under lobby pressure from big business and organised workers, national finance ministries have offered unprecedented support for firms and workers in the productive economy (as well as injecting liquidity into the financial markets). Germany is setting up a 500 billion euro fund to take stakes in distressed companies; France offers loans of up to 300 billion euro plus equity investment “or even nationalization”. Denmark is covering 75% of lost wages for an initial three months; Italy covers 80% of lost wages for nine weeks; the UK is offering wage replacement at 80% up to a maximum of £2,500 per month.

This signals the immediate end of an already stressed sound finance plus social austerity consensus which was at EU level articulated in rules about budget deficits and performed in the Greek bail out. Journalists across Europe have then rushed to write op eds about how the economic policy changes anticipate a once in a generation shift in economic policy reversing the earlier conjunctural shift against state ownership, control and service provision inaugurated by Thatcher and Regan in the 1980s.

But caution is necessary because the suspension of orthodoxy early in a crisis portends very little. Many of us can remember how, for a few months after the failure of Lehman Brothers in 2008, journalists announced that financialised capitalism would be changed, utterly changed. But then US home owners paid the price as banks everywhere were bailed out not broken up while liquidity injections plus low interest rates boosted asset prices started the next cycle of unregulated credit creation in the financial markets. So that a few years later very little had changed.

The lesson of this recent disappointment is that we need a positive vision of a different set of priorities which embody the collective values that underlie foundational provision. But visions are rhetorical devices which often fail to materialise, so a vision would be best backed by concrete plans which articulate that vision in detail, even if these plans will never be fully implemented. If Beveridge’s vision was of the ending of primary poverty caused by low income, the Beveridge report operationalised that vision with detailed plans including calculations of necessary household expenditure which took account of the variation in house rents between English regions.

Plans for better foundational provision would now need to be developed in an inter-related way at several different levels by EU, national and regional governments in varying combinations who would need the resource to analyse local specifics so they produced different plans for various regions and cities. We do not have the resource to develop such detailed plans and could not do so without wider participation. Instead, we offer below a ten-point platform which defines a broad foundational agenda for Europe's national and regional governments and for municipalities with agency. This platform is, of course provisional and, as the crisis unfolds, we will need to revisit the ten points.

We humbly admit that there is much to be learned. But, would also fiercely insist that what all of Europe needs now is a broad statement of principles which in application would be varied according to national and regional circumstance and could be inflected according to the balance of centrist and left, red or green political ideologies in each territory. This platform indicates not so much where we stand as a direction of travel with start and finish points which would be very different in various territories. The platform proposals for better foundational provision must respond not only to the Covid-19 crisis but also to the nature and climate emergency and to the failure of social cohesion.

The platform breaks with the national income accounting-based understanding of a unitary economy where the aim is to increase the value of marketable output through growth. This has failed us because it has produced a 21st century version of Galbraith's private affluence and public squalor while dividing income and wealth unequally so that most ordinary citizens see few gains. Against this, we argue there are several economies which can be thought of as different zones with various logics and complex interconnections.

When the pandemic is over, we need to rebalance away from the tradeable and competitive economy towards the mainly sheltered foundational economy producing daily essential goods and services which underpin liveability and sustainability. And, equally, accept that the financialised business models of public companies and private equity funds are an extractive intrusion on foundational activities which offer modest, steady returns on long term investment.

The overall aim of the platform is simply the extension of collective responsibility for foundational basics in all key areas. The ten bullet points below are about how this extension is to be achieved through different means, such as social licence and wealth taxes; and how it would work differently vis a vis various infrastructures and activities from housing through food supply to energy.

1. **Start the extension of collective responsibility for foundational basics with health and care.** Health is the activity where it is easiest to build an alliance for change. Because the crisis is a wake-up call in an activity where collective provision is legitimate, health professionals can provide leadership and there is much to do. In the first instance regional differences in health funding within countries, as between the North and South of Italy, need to be substantially reduced. High tech medicine needs prudential investment in capacity so as to avoid scandals of unpreparedness as in the underfunded British NHS which has closed half its acute hospital beds in the past 30 years. The British went into

the crisis with just over 4,000 adult critical care beds, 5,000 ventilators and limited path lab capacity which made it impossible to adopt a test and trace approach. At the same time, community-based health and care services and preventive medicine geared to well-being need to be expanded. It is great to see that the current crisis has led to the rediscovery of public health in the role of disease control. But public health needs to be given a much broader and high-profile preventive role in tackling poor diet, air quality and mental health issues. In the absence of these interventions we have obesity and type 2 diabetes threatening to over-burden every acute care system while mental health seldom is seldom funded to treat patients in a holistic way with well-being objectives.

2. **After health, housing and energy are the other immediate foundational priorities.** We start here with housing because it is manifestly soluble with investment and regulation and parts of this housing future that works already exist or are on the political agenda in cities like Berlin. Governments in association with regulated not-for-profits and tenant groups need to take responsibility for the availability of social housing which offers quality de-carbonised homes with security of tenure at rents geared to local wage levels; de-carbonisation involves green energy supply as much as insulation on new and existing homes with all forms of tenure. Regional and industrial policy needs to be shifted away from unrealisable ambitions for job creation towards more realistic aims to increase the stock of social housing. The programmes would be for large scale construction of social housing in countries like Spain where it barely exists or in countries like the UK or Italy where half the stock has been sold off irresponsibly. In countries like Germany and Belgium, the programmes would be for Berlin style rent control; plus, mandating a fixed share of social housing provision in new planning permissions as in Vienna; and replacing fund investors seeking high returns with some form of not-for-profit. In parallel all of Europe needs to experiment with public and community energy provision, learning from the German Energiewende pioneering of community controlled green energy systems.
3. **Food is altogether more complex but needs tackling.** It is complex because diet is so bound up with culture and because a few supermarket chains have corporate power and a dominant retail position in every national market. The supermarket business model is unsustainable and fragile. It is based on capturing supplier profits through the perpetual threat of switching, which is enabled by increasingly disintegrated, geographically-diffuse supply chains; while just-in-time ekes maximum value from retail floor space. This incidentally erodes localised/small-scale food system which are not a replacement for the modern food system (as in the romantic deep green imaginary) but are an important part of a properly diversified economy. It is therefore important to encourage experiments in sustainable food supply – like the Bristol Food Policy Council – and to control the supermarket chains which dominate distribution to consumers and oppress suppliers with little let or hindrance because their mimetic business models ensure they do not have to collude with competitors. Supermarkets are prime candidates for social licensing as proposed in the next point.
4. **Introduce social licensing i.e. regulation which imposes social and environmental obligations on all corporate providers of foundational services.** Profit and not- for-profit

foundational providers in effect have a territorial franchise through their networks and branches; quid pro quo in return they should offer something social in return, like ending tax abuse or insecure employment. All other large corporates should be brought into this regime as and when they want anything from government (e.g. bailouts, planning permission, government contract, training etc.) We recommend social quid pro quo because narrow economics-based regulation of competition and markets to protect the consumer has failed and is increasingly irrelevant in a platform economy. Organisations with financialised business models will work in a siloed way without regard for social consequences and ecological damage; as we see in the many European countries where supermarkets take no responsibility for citizen diet and are only slowly reducing single use plastic packaging of fruit and vegetables. Most egregiously, the first in the queue for bail-outs in every crisis will be the firms and industries which have behaved irresponsibly to weaken balance sheets and their capacity to withstand downturns by excessive distribution in the good times. It is not just the US airline industry asking for \$50 billion of bail out when it has previously distributed all its cash. In the decade up to 2018, the FTSE 100 companies distributed roughly 4/5ths of their net income in the form of dividends and share buy backs.

5. **Reform taxes on income, expenditure and wealth to greatly increase the capacity of government to raise revenue.** Without tax reform the burden of servicing the debt incurred in the Covid-19 crisis will squeeze current foundational service provision and crowd out necessary investment in housing and health. The Covid-19 crisis measures require government to run large current deficits which will be consolidated into stocks of national debt. Going into the crisis, debt to GDP ratios averaged 80% in the EU. They ranged from a low of 34% in Denmark to a high of 182% in Greece and 134% in Italy, with Germany and the UK in the middle of the distribution. In this crisis, debt levels are likely to double or more to levels not seen since the aftermath of world war in the 1940s. Even with low interest rates and the benefit of steady inflation, it will be a major challenge to service, refinance and pay back this debt. If tax is not reformed, so that a higher percentage of GDP can be raised in an equitable way, then the prospect is for 10- 20 years of super austerity when the tax funded providential services like education, health and care will be starved of revenue as they were in many European countries in the austerity years after the financial crisis. Revenue raising through tax reform is the first most fundamental precondition for defending and extending the foundational basics.
6. **Disintermediate investment from pension funds and insurance companies so that it goes directly into provision of material infrastructure.** The foundational economy offers stable, long term, low return investment opportunities which could and should be financed by 5% coupons. There is nothing new or revolutionary about this because the capital that went into nineteenth century railways earned 5% or less. But financialised capitalism brings public companies or fund investors like private equity with expectations of double digit, 10% plus returns on capital. It is bizarre that 10% plus return targets are maintained in the financial markets when central bank base rates are stuck near zero; and when the beneficiaries are North American and North European pension funds struggling to return more than 5% from their portfolios because the stock market moves

cyclically while hedge funds and private equity do not produce consistently superior returns Double-digit business models are fundamentally unsuited to capital intensive foundational activities where high operating returns can only be obtained at the expense of other stakeholders returns including the foundational service delivery workforce whose value we are now re-discovering socially after financialised management has spent years eroding their wages and conditions. Capital should not be free and costless but the case for disintermediation is overwhelming. The separation of property and operating companies and the issue of 5% direct investment bonds for building new care homes or local energy networks would strike a better balance between disciplining enterprises and incentivising the supply of capital by the state or private savers, according to the national settlement on retirement provision.

7. **Shorten fragile long supply chains in foundational commodities while recognising the futility of local autarchy.** Foundational services generally have to be locally delivered, and there is scope for increasing local food production but most of manufacturing finished products and their inputs are long-chain and should remain so. We cannot realistically go back to the 1950s when large West European companies supplied more than 3/4 of their manufacture from domestic factories. But it is ridiculous to be importing essential personal protective equipment for medics from China. Here it is sensible to have shorter chains and not transactional but relational procurement with preferred suppliers whose output does not go to the highest bidder. On more sophisticated equipment, the solution for the 2020s has to be Euro regional with a small number of EU suppliers agreeing to supply the EU market without profiteering or home market preference. Thus, procurement would become less transactional and more relational within one politico-economic area; and that is simply impossible if we take a small fraction of a Chinese factory's output. More broadly, we need to call time on economic fantasies of success through free trade and recognise we live in an increasingly unstable political world. Trading on price in global markets is a hard Brexiteer fantasy in the UK with its large trade deficit and no gun boats; while huge trade surpluses with other European countries and schwarze null federal budgets have been the German recipe for destabilising the EU while failing internally to fund foundational services and renew infrastructure.
8. **Every city, town and peripheral rural area should develop a live/work transition plan within nation state and EU enabling frameworks.** Politics is local and foundational provision is grounded in territories, hence the importance of plans which engage local specifics and are developed with input from citizens using innovative ways of engaging them. Assemblies, citizens juries and such like will produce mixed messages but are essential supplements to representative democracy because we need to understand what matters to citizens. When we have listened to citizens in community studies, they tell us one key priority is social infrastructure like public parks; and, by implication, much top- down policy is relevant because its success is defined in terms of thin simplifications like per capita GVA. At the same time, we should recognise that the climate emergency everywhere requires changes in how we live and work because housing, transport and food account for more than half of emissions; and we need local participation if we are to reconcile liveability and sustainability without provoking political reactions through

clumsy prohibitions and deterrent pricing. The European towns and cities where most of us live combine liveability with unsustainability. Through long supply chains, car-based transport and carbon heavy energy systems they are already consuming an amount of natural resources 3 to 4 times higher than the global sustainability threshold. The PEMB Barcelona strategic plan focused on air, water, energy, housing and food and with its emphasis on facilitation not top-down direction could be the beginning of a new kind of planning.

9. **Rebuild technical and administrative capacity at all levels of government.** Political scientists debate the post-democratic state where the apparatus and institutions of democracy continue but decisions are taken by a politico-economic elite. In foundational thinking we fear the post-administrative state where we have government departments which combine the managerialist rhetoric of strategies and mission statements with an inability to administer anything effectively and efficiently. The resolution of the 2008 crisis exposed the operations of post-democratic states, the operation of the Covid-19 crisis will expose the ineffectuality of our administrative states. This fundamental constraint on policy is seldom engaged by those like the British Labour Party which in its 2019 manifesto endorsed a Green New Deal including ambitious targets for decarbonising the existing housing stock without any coherent idea of how the work was to be planned, organised and executed. The problems are particularly acute in local government because capital budget cuts and the privatisation and outsourcing of many activities, leaves local government in many jurisdictions without personnel and technical capacity. It is not just UK austerity and 40% budget cuts for local authorities because in Italy the workforce in regional and local administration has been cut by more than 25% in recent years. In Germany there is already a problem about local authorities unable to organise the spending of funds allocated for infrastructure projects. Without technical and administrative capacity, government cannot play a leading role in developing investment programmes and controlling foundational services, so that tax payers money will be wasted.
10. **Finally, the European countries need to accept some responsibility for completely inadequate foundational systems like health care in adjacent regions** like the Middle East and North Africa as well as undertaking a Marshall Aid type programme for reconstructing the tradeable sectors in those regions. This would be very different from the military interventionism we have seen in Libya and Syria or from French neo colonialism in sub-Saharan Africa. No doubt many can, like the EU, shrug off any responsibility by asking, like Cain in Genesis 4.9, “am I my brother’s keeper”; and the EU may be incorrigible. But, realpolitik suggests constructive responsibility is the appropriate international response, as it was with Germany in the 1940s. Increasingly economic underperformance and political instability in the Middle East and North Africa produces economic migrants and refugees. Building the European equivalent of Trumpian walls to keep the migrants out, is in the long term as futile as the old Soviet bloc attempt at walls to keep East Europeans in. Here, in both cases, the underlying problem is the economic and political conditions on the wrong side of the wall. Unsustainability has political as much as economic dimensions. Taking responsibility for others will increase the expense

of any foundational agenda but doing the right thing may well be politically and economically cheapest in the long run. Meanwhile, appeals for international cooperation or a new international order should not, as so often in the past, serve as an excuse for doing nothing at the national and local levels.

The ten points are all practical ones which could be taken up by politicians, interest groups and civil society activists. But they also raise serious intellectual issues for academics and others who want to analyse underlying issues. One issue is that our financialised foundational economy runs on “point value” so that there can be no slack/excess capacity in the system whatsoever and upstream or downstream chain consequences are ignored. This is done to facilitate value extraction in the case of the private/outsourced foundational economy; while, in the case of the publicly-owned foundational economy, this is done to try and mimic inappropriate corporate norms of ‘efficiency’ and/or as a response to austerity through knife-edge provision. The human consequences of this for casualised workers and underserved users has been apparent for some time. But, as the pandemic crisis shows, efficiency without reserve capacity embeds systemic fragility and vulnerability in our foundational infrastructures, such that they cannot deal with the unexpected. The implication is not only that certain sections of the economy are not suited to marketable provision; but also, that we need a new and different way of thinking about what effectiveness, efficiency or ‘value for money’ looks like.

3. Platform politics and alliances for change

Unorthodox economic policies are being generally applauded right now by left, centre and right: the UK’s 80% wage replacement was “economically and morally the right thing to do” according to an FT op ed piece. But Europe’s best-selling tabloid, Bild Zeitung already mutters about “debt mountain” and dissent will grow as the costs of lockdown increase. Whatever the course of the pandemic, expect a “can’t pay, won’t pay” counter-offensive from the economic right. The argument will be that this pandemic is not a disorder of the markets or a failure of capitalism but a one-off health emergency, which has already cost quite enough so that it is time to reinstate sound finance, small government and the primacy of markets. They will promise the market and we will get more financialised capitalism and austerity.

So where are the political forces and the forms of organisation which can resist this default which would waste our lives as well as the crisis? The problem is that right across Western Europe we have two principles of action -majoritarianism and identity politics- which are in different ways ineffectual or irrelevant. Against this we assert the necessity of a third principle of action: alliances for change.

The old principle of action is majoritarianism, with centre-left and centre-right parties competing in a binary winner takes all system where a radical party can impose a new foundational settlement or break up the old one. Think Britain with Attlee in 1945 or Thatcher in 1979. But it is now increasingly difficult to win or use a national majority for foundational renewal because European political systems increasingly sustain multiple parties and/or the larger parties are internally divided. The new principle of action is identity politics by

“populists” which accepts the fading of old class-based loyalties and mobilises tribal loyalties in a fight against an (imagined) external enemy. And this is irrelevant to foundational renewal which is about collective strategies within a space which will usually include many different identities in complex systems of multi-level governance. Thus, regional independence movements, as in Scotland or Catalonia, further complicate matters; as does an EU which defaults onto right wing economics and social hand wringing because it cannot recognise the importance of a foundational agenda.

Hence the foundational turn in the 2020s needs an alliance for change. It is neither necessary nor sufficient to have an organised party of government with an electoral majority; nor can we trust leader-based popular movements which come and go without any coherent legacy. Half recognised structural necessities, as during the rise of municipalism in the 19th century, will push enlightened politicians towards foundational renewal, independent of ideology. But we will only gain and retain impetus through broad based alliances for change which include left parties (red and green), trade unions and social movements based in civil society, as well as conservatives and liberals who acknowledge the importance of collectivity in foundational provision. The kinds of social innovation proposed in this report also require the end of established top down policy making which does not register what matters to ordinary citizens. Alliances for change amongst the political classes are meaningless without greater citizen participation in democratic decision making.

Making these alliances real requires compromise and competence, because a broadly endorsed platform needs to be negotiated in detail and turned into locally relevant plans backed by expertise and participation. Of course, this task of foundational renewal is politically difficult but the prize is the well-being of current and future generations. Wherever we are in Europe, we could get started now, in the middle of the pandemic crisis, on planning concrete improvements in the reliance systems that underpin everyday life.

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Recent research by the Foundational Economy:

Book

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Cohesion through housing? Residual income, housing tenure and UK regional policy, (WP6 February 2020) Julie Froud, Colin Haslam, Sukhdev Johal and Karel Williams
<https://foundationaleconomycom.files.wordpress.com/2020/02/fec-wp6-residual-income.pdf>

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