Rebuilding the post-Covid-19 economy through an industrial strategy that secures livelihoods

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ABSTRACT

The Covid-19 crisis has further exacerbated the insecurity of livelihoods in the UK. This commentary reflects on what resources the UK has to ‘build back better,’ to transform the economy to prioritise health and wellbeing over economic growth. We provide critical commentary on the current industrial strategy while recognising that industrial strategy can be a tool to unite public, private and third sectors in the shared goal for prosperous communities around the UK. Driven from the perspective of citizen’s understanding of prosperity and what it means to live a good life, we argue for a new local industrial strategy that places secure livelihoods at its centre. This means enhancing the capacities and capabilities of people and places to face 21st century global challenges locally.

1. Introduction

The Covid-19 crisis has shown how the labour of working people keeps the country going (TUC, 2020). At the beginning of 2021, the arrival of the vaccine is overshadowed by recession, unemployment, bankruptcies and Brexit, limiting the pace of recovery in the UK compared to other OECD countries. Most households report a drop in income since the crisis (OECD, 2020a). Between May to November 2020, over 1.3 million businesses had received ‘bounce back’ loans (Statista, 2020) which bankers estimate between 40 and 50 per cent could eventually default on paying back (Thomas, 2020). How can the call to ‘build back better’ be fulfilled in the face of huge loss of lives, business and jobs, with record levels of debt? In this article we provide critical commentary on the long-term consequences of the Covid-19 crisis and reflect on what resources the UK has to tackle the crisis.

The inequality and tragedy we are now faced with grew out of an economic system that favours markets and gross domestic product (GDP) growth over human and planetary health and wellbeing. While employment levels were at record high before the lockdown (ONS, 2020), 1.2 million people in working families were in poverty, signaling a disconnect between employment and security (Innes, 2020). This has been exacerbated by poor quality, low wage work, a high costs of living, wage stagnation and high levels of household debt (Wallace-Stephens, 2019). Labour share of income has been falling since 2009 (ONS, 2017) and those most needed in society (teachers, health and social care workers, food suppliers, those on the ‘frontline’), who manage the services on which we all depend, are poorly paid and struggling. The lockdown has divided the labour market by essential and non-essential workers which matches how people were doing in the labour market before the crisis. It is the pre-existing inequality that determines who lives and who dies, disproportionately impacting people of Black, Asian and minority ethnic backgrounds (White & Vahé, 2020). Those living in the poorest parts of England and Wales are twice as likely to die than those living in the richest areas (Pidd et al., 2020). The economy is at the heart of this inequality because it is about the allocation of assets and resources, who gets what and who makes the decisions.

There is room, momentum and support for change. Many are calling for a new social contract and progressive policies to ‘build back better.’ Our contribution critiques the current UK industrial strategy and calls for its repurposing to face global and local challenges. We focus on the industrial strategy due to political agreement on its role in improving social, economic and financial outcomes for people and business in the UK (Jacobs, 2017). Historically, national industrial strategies have been utilised to counter the effects of uneven and unequal economic growth (Bailey et al., 2019). An industrial strategy

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can be a coordination point for public, private and third sectors to connect and to work together towards the shared goal within a given framework. We argue that in the recovery, to embody the government’s overarching objectives of levelling-up the UK and reaching net zero GHG emissions, a new industrial strategy should focus on prosperity through secure livelihoods. This means investment in local capabilities and capabilities to not only weather the current pandemic, but the climate crisis as well.

2. Local vs. global?

After decades of growth for world trade, tourism and international cooperation, globalisation has slowed in recent years and witnessed a re-emergence of nationalism and protectionism. With the Covid-19 crisis some say this could be the end of the global altogether, calling for reshoring, localisation, border closures and retreat from global governance institutions (Rogoff, 2020; Syndicate, 2020; The Economist, 2020). It is unlikely the globalisation will disappear, but it needs to adapt as future challenges will be global but will need to be addressed at the local level. As the old form of ‘hyper-globalisation’ was a choice, it can be changed (Rodrik, 2020). By focusing on international cooperation on global health, environmental protection, conflict resolution and tax havens, we could forge a new globalisation that focuses benefits ‘for all, not just a few,’ (Rodrik, 2020).

Localism, not localisation, is needed to address people’s quality of life. To have a global outlook, but with action at the local level (Moore & Collins, 2020). Under lockdown global life has become more local. The crisis has differential impacts across space, age, disability, marital status, ethnicity, education, class and country. For example, while unemployment rates between August to October in the UK were 4.9%, this varied significantly by region at 6.6% in the North East and 3.9% in the South East and Northern Ireland (Watson, 2020). Localities will need differential policy responses to address the unique needs of their communities. Research shows that collaboration with communities, the voluntary sector and public sector has been at the centre of local councils’ response to Covid-19. In Staffordshire the council has embraced a ‘one council, one team’ approach where staff are there to deliver what needs delivering without worrying what team they are part of (Cretu, 2020). Mutual aid groups were the first to act when the pandemic struck and are working alongside local charities and councils to distribute food, medicine and support for vulnerable people. This signals a new, inclusive and participatory way forward in the future of service delivery (Moore & Collins, 2020; IGP 2017; 2019).

Local authorities are naturally placed to respond quickly to challenges of their communities. Local council workers have been redeployed to the frontline to help with benefits, care and mortuary services. They are housing homeless people, supporting those in dangerous living situations, clearing rubbish, offering tax-relief to local business and distributing food parcels. Community health workers around the world are redesigning their roles and responding to the crisis. In places with a strong tradition of community health workers, such as South Africa, Ghana and Kenya, these workers are using their skills to care and support people through the pandemic. And people want to help – seen by the huge response to the NHS volunteers (NHS Volunteer, 2020). Existing networks of volunteers in York meant that people were delivering over 500 prescriptions before the NHS volunteer scheme was up and running (Cretu, 2020). There has not been enough focus on the community level work to manage this crisis, nor on how this momentum can be utilised for future service delivery. How can this collective resourcefulness and solidarity be taken forward to help rebuild better?

The technological advances forced forward by Covid-19 around the future of jobs are forever changed. For example, after saying the transition to digital would take five years, NHS digital primary healthcare was up and running in a few weeks (Hoeksmma, 2020). Elsewhere, because of the lockdown and physical distancing, disruptions to supply chains could incite business to look to replace people with automation – to avoid furloughing staff or maintaining skill levels. Action is needed now to restrict high levels of unemployment - critical as a lack of opportunity in the labour market during recession can reduce lifetime earnings. Time spent unemployed can also lead to a permanent loss of skills. Loss of income and unemployment can lead to lower education outcomes in the next generations (Aldritt et al., 2020). In the face of further erosion of jobs in the future, due to automation, we need to think about people’s role in society and what gives life purpose. A local industrial strategy is a starting place, with the central goal of securing livelihoods for all, providing a framework for government, business and the third sector to ensure future security and prosperity for people and planet.

2.1. Secure livelihoods

Qualitative work in east London attributes public services, community support, housing, social inclusion as well as secure, regular and good work to supporting a secure livelihood (Moore & Woodcraft, 2019). Income is not enough for people to live a good life (Moore, 2015; Jackson, 2017; Stiglitz et al., 2010). Nor is there a straightforward relationship between having a job and prosperity, as illustrated by the data on in-work poverty and precarious work (Wallace-Stephens, 2019). Instead, people draw on numerous assets to build a livelihood and there are complex interdependencies between the different assets. All of us are dependent on food, education, housing, care, transport and communication systems that we engage with every day to ‘get-by.’ Secure livelihoods represent more than having a job or income, it combines the array of assets and capabilities that people draw on to live a good life (Moore et al., 2020; Nussbaum, 2011; Sen, 1999). It includes micro-level assets (human, social, physical, financial and natural) as well as taking into account macro-level policy and institutions that impacts peoples’ daily lives (Chambers & Conway, 1991; Oxfam, 2013; Scoones, 1998).

Because the purpose of the UK’s industrial strategy is to ensure prosperity for all in the UK (Zymek & Jones, 2020), and because secure livelihoods are seen by citizens as central to prosperity (Moore & Woodcraft, 2019), if we are to rebuild a fairer society out of this crisis starting with securing livelihoods for citizens would lead us on a pathway to prosperity.

3. Building in secure livelihoods to a local industrial strategy fit for future challenges

In the Covid-19 recovery there is a real danger that the focus on real estate (estate agents have been one of the first sectors to open up so people can view and buy houses), construction (as a traditional booster of economic growth), high streets (as a visible indicator of economic health) and new technology, will mean that the foundations of our economy, that supports daily life, will be overlooked once again (Foundational Economy Collaborative, 2020).

1 This piece is driven from citizen-led understanding of what it means to live a good life (Mintchev et al., 2019; Moore, 2015; Moore & Woodcraft, 2019). Research with citizens in east London defined prosperity, ‘as the pursuit of a good life – a secure livelihood, good quality work, functioning public services, choice, opportunity, political freedoms, [and] intergenerational justice,’ at once diverse, multidimensional and multi-scalar (23: 294). These qualities of prosperity are not captured by models that generate aggregate data but are significant if prosperity is a global (Sustainable, 2016) and national (BEIS, 2017a) goal, linked to solutions and operationalized by communities, policy makers, businesses and politicians.

2 These common services form the foundations of our economy and are Universal Basic Services (Coote & Percy, 2020; Foundational Economy Collaborative, 2018; Moore & Collins, 2020). These basic services are something we all have in common. They can unite us in populous times as they are about finding collective strategies for collective needs.
Economy Coll, 2018). Unemployment is forecast to peak at 7.5% mid 2021 as furloughing ends (Partington, 2021). However, secure livelihoods research tell us that jobs alone do not equate to prosperity (Moore & Woodcraft, 2019). These challenges demand understanding the relationship between social and economic lives, and we will need the research tools, knowledge and pathways to help carve out a pathway to prosperity. An industrial strategy that recognises the complex intersection of having a job with secure livelihoods is a place to start.

3.1. The current industrial strategy

The current industrial strategy is ambitious and lengthy. This section focuses broadly on amendments to the industrial strategy in light of our argument, but more in-depth investigation is required to take it forward. But a new industrial strategy that places secure livelihoods and prosperity at its centre, will help to shape specific policy aims across national and regional levels and sectors.

The previous government’s 2017 Industrial Strategy is centred around four grand challenges (AI and data economy, clean growth, future of mobility, aging society) and five foundations (ideas, people, infrastructure, business environment, place) to boost productivity and earning power around the UK (BEIS, 2017a) to ‘support a transformed economy,’ (BEIS, 2017b). While this industrial strategy is a step in the right direction it has been criticised for biasing innovative sectors and neglecting other sectors such as hospitality and retail. The focus is almost entirely on London and the South-East of England, doing little to tackle regional inequalities (Fothergill et al., 2017; Strauss, 2019). It relies on wealth trickling down to the majority by high value jobs creating demand for services and by redistribution through tax-and-spend policies. The concentration on cities as growth engines, on commercial property development, technological innovation and high-productivity trading sectors ends up neglecting the middle- and low-income earners. The focus on the global competitiveness of the UK perpetuates the social, political and economic divides.

While they get the language right, the current industrial strategy composes 142 policies, many with little resourcing behind them, which means action is not being taken to reach the aspirational goals. Most (£37 billion) of the £45 billion of financing for industrial strategy initiatives are allocated to a small number of projects including housing, transport, digital and R&D (Industrial Strategy Council, 2020a) - traditional and visible signals of economic growth. Policies also conflict. Research has revealed trade-offs between the goals, for example, increasing labour productivity stimulates GDP as well as energy use and territorial industrial CO2 emissions, compromising the clean growth goal (Ross et al., 2019). The industrial strategy needs a refresh and reprioritisation in wake of the current crisis and to meet the current governments levelling-up priority, and to reach net zero GHG emissions by 2050 – which currently has no delivery mechanisms in place. Table 1 looks at the current industrial strategy’s foundations of productivity and corresponding policy ambitions and compares it to policy ambitions for an industrial strategy focussed on prosperity.

3.2. Local industrial strategy

Drawing on our previous articulation on the importance of a local response to global challenges, to address the vast inequalities we suggest a new industrial strategy has to be based in localism (Moore & Collins, 2020). Although the current industrial strategy does acknowledge the importance of a local response it does not act to develop a critical account of what this would entail. As spatial inequalities are local so must be the design and implementation of policies and programmes to address difference. The government policy of levelling-up means ‘place’ is an integral part of a future industrial strategy as well. This means two things. Firstly, incorporation of citizen understanding of prosperity - what it means to live a good life for them, in their place (Woodcraft & Anderson, 2019). A place cannot be understood without engaging with local

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<td><strong>Prosperity and secure livelihoods challenge to the productivity focus of the current industrial strategy.</strong></td>
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Specifics (Calafati et al., 2019) so without real engagement at the local level, the government’s policy of levelling-up will remain a political slogan rather than action to tackle inequality (Tomaney & Pike, 2020). Second, to truly level up focus must be given to what ‘left-behind’ places have to give. An industrial strategy centred on already productive and well-funded areas will only make divisions worse. Industrial strategy needs to look at the specific strengths of a particular place, to develop new value chains and business that draws on these specific strengths. Place-based policy making needs to look at the specific strengths. Local delivery of services. Enhanced fiscal capacity of local authorities. Protection of natural resources, ecosystems and biodiversity. Access for everyone to nature.
policy needs strong institutional support and imaginative, flexible geographies, as opposed to current forms of devolution (Tomaney & Pike, 2019).

Localising power to places means places can invest in their own unique identity, that can draw people, jobs and pride (Metro Dynamics, Our Towns, 2019). For example, the Blackpool Pride of Place Partnership established by community businesses, connects the business community, with the public and third sector to create a vision for the future of Blackpool to address some of the greatest deprivation in England. To embrace Blackpool’s identity the partnership draws on network of alumni born in Blackpool to influence national policy, fuel local activity and support development of a town prospectus (Blackpool CouncilLEP, 2018). In this way the leadership support is provided by people who personally identify and are invested in the place. Outcomes of their Blackpool 2030 town prospectus are yet to be seen, however, the relationships forged from this partnership have been utilised in the Covid-19 response. Partners have collected and coordinated donations of groceries and money, adapted business models to support the homeless and found out the number of school children without laptops in a day (a Business in the Community, 2020). This is a good example of the power of local, cross-sector networks in responding to the needs of their community.

The Industrial Strategy Council, is an independent body, separate from the government but set up to monitor and advise the government on industrial strategy progress (Industrial Strategy Council, 2020a). A new local industrial strategy needs a similar mechanism for accountability but would do well to take example from the Blackpool Pride of Place Partnership, to form a local partnership that delivers to their community. A multi-stakeholder partnership that works locally within places, which would include citizens and small business owners rather only top financiers, business leaders, and academics. Alongside local, multi-stakeholder decision makers, like the current industrial strategy, a new, local one requires indicators for measuring progress.

3.3. Revising industrial strategy indicators

A YouGov poll from May 2020 found that eight out of 10 people in the UK would prefer that the government prioritise health and wellbeing over economic growth during the Covid-19 crisis, and six out of 10 still want the government to pursue health and wellbeing ahead of growth once the pandemic has subsided (Youel, 2020). The OECD argue for inclusive growth in the Post-Covid recovery that entails more comprehensive set of indicators of wellbeing than GDP alone (Inclusive, 2020). The Industrial Strategy Council recognise that indicators of progress on the industrial strategy need to ‘look beyond GDP’ but the process of developing the metrics focused heavily on relationships to economic growth. While they admit that the metrics are not an exhaustive list and can be added to (Industrial Strategy Council, 2019), the metrics they have chosen will not highlight all the factors that contribute to secure livelihoods, and therefore will do little to valorise the centrality of a secure livelihood to living a prosperous life (Moore & Woodcraft, 2019). An overemphasis on traditional measures of development such as income, jobs and healthy life expectancy (Industrial Strategy Council, 2020b), fails to take into account nuanced knowledge from citizens on their quality of life. This can be overcome by examining other indicators used for the current industrial strategy (Industrial Strategy Council, 2020b). The Prosperity Index is currently being reworked to take account of secure livelihoods and industrial strategy. Accurate, scientific, political and social information is valuable to understand how the world is working, to reveal the truth in populous times when what is true is constantly being called to question. And to regain trust in democracy. A new industrial strategy prioritising secure livelihoods would reimagine and reinvest in the role of the state, finance and business in building the society people want, prioritising health and wellbeing of people and planet over economic growth.

4. Conclusion

The OECD argues that, ‘the 2020 health crisis was made far worse by the 2008 financial crisis, or more precisely, the austerity measures that left many health systems without the basic human and other resources needed to cope with a sudden, unexpected rise in the number of patients,’ (OECD, 2020b). Clearly, the response to this crisis must be different from the last. Rather than austerity the government needs to spend more, ensuring social safety nets (IGF 2017, 2019), building resilience and decoupling growth from environmental pressures to face the next crises. Resourcing must be directed to what really matters for people and planet and the mechanism to do so is local industrial strategy.

The current industrial strategy shows that intention alone is insufficient to tackle inequality. A local industrial strategy is a starting point to redress long-standing inequalities that have been exacerbated by Covid-19, to build a cultural norm of keeping each other safe, not just ourselves (Gawande, 2020). Coming out of the crisis what needs to be supported is only that which is fit for the 21st century. A locally driven industrial strategy would reflect this in its allocation of resources and through reaffirming the value of social infrastructure, health, wellbeing and care of people and planet in society today. We need an economy that is the fulfilment of our society, rather than the other way around.

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Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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