

Rebuilding Prosperity

ECONOMY OF BELONGING



Rebuilding prosperity for the 21st century requires new ways of thinking and acting and the kind of vision, commitment and courage that informed the national conversation in the 1940s. The Institute for Global Prosperity is launching the Rebuilding Prosperity Campaign calling on policy-makers from Town and City Halls to Whitehall and from National Assemblies to the Westminster Parliament to engage in a new conversation and to join our campaign for a radical new approach that will create shared prosperity across the country.

“We cannot build 21st Century prosperity with data sets and socio-economic theories forged in the early 20th. Macroeconomic policy must start with what is of benefit to society rather than what is of benefit to the economy”

Professor Henrietta L. Moore
Founder and Director of the Institute for Global Prosperity (IGP), University College London (UCL)

Understanding Prosperity

Creating an economy for belonging requires shifting the agenda in the regions and sub-regions of the UK, away from the means of change such as job creation, towards the outcomes of change, like secure livelihoods. This enables policy to proactively tackle the root cause of deeply embedded structures and constraints that many of the poorest regions face at the community and individual level.

Successfully levelling up the UK requires a new approach:

1. We need a clear understanding of the interconnecting factors that cause the persistent widening of intra- and inter-regional inequalities.
2. Policy-makers must focus on outcomes helping people to live secure and prosperous lives, rather than solely the means of change.
3. Macroeconomic policy needs to start with what is of benefit to society rather than what is of benefit to the economy, by focusing the analysis at the meso (community, local area) level.

Failure of Traditional Economics

Macroeconomic policy has traditionally focused on boosting GDP, productivity, and economic growth at the aggregate level. For example, the recently shelved industrial strategy targeted huge infrastructure projects to boost regional convergence, but neglected to evaluate the quality and security of the jobs created, or understand how access issues like childcare, digital connectivity and transport directly impact on an individual and a communities' sense of prosperity.

Measuring the output of macroeconomic policy has therefore masked a growing sense amongst communities and individuals of being 'left-behind'. However, implementing further income/employment-led initiatives without an understanding of the lived experiences of individuals and communities, and without involving them in policy-making, is doomed to further failure.

21st Century Prosperity

An IGP study of eight local areas across four regions in the UK which explored the interconnecting factors affecting individuals' and communities' quality of life and prosperity offers an alternative approach. The study examined several data sets to compare areas that have fared better from globalisation, technological change, and 'austerity' over the last 10 years with those that have been 'left-behind'.

The areas were then cross-examined across a series of data sets and indices encompassing five areas: income; financial situation; employment; life satisfaction and health satisfaction. However, a simple baseline

exercise and a separate micro level analysis using UK Survey data, confirmed that macro and micro data sets, analyses and approaches are not sufficient to fully capture the individual and community sense of quality of life and prosperity.

We therefore applied a further framework based on life outcomes, life opportunities and life together (LOOT) which was mapped from available data and indices at the local authority (LA) and lower local super output area (LSOA) levels. This allowed us to capture and better understand the interconnections of factors shaping people's lives at the local level. Through our LOOT framework, we found that it is at the meso (community, local area) level where the interconnections of factors affecting people's quality of life are most visible.

The Way Forward

New Economics

Our study shows that building an economy of belonging requires us to attend to developments at the meso level and shift the analysis and scope of economic policy from inter- to intra-regional variation. It is 'place' where individual's lived socio-economic realities become meshed with the structural determinants of the economy. The model delivers a clearer understanding of how the availability - or lack of - quality housing, care, transport and digital connectivity limit prosperity, and informs how local approaches can address these in a way that repairs social capital and social solidarity at the local and national levels.

New Beveridge

To deliver secure livelihoods and improve quality of life post-COVID-19, we require a reformulation of the welfare state that is consistent with a locally-led industrial strategy, new education policies and much more besides over a generation that recognises what contributes to the livelihood security of people in 2021, not 1942. The IGP is currently working with partners in London (Camden and Tower Hamlets), Liverpool and Leeds, to develop new Universal Basis Services (UBS), and we are calling on other local authorities to undertake similar pilots.