

Rebuilding the UK's social contract

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Using a 'social guarantee' to meet everyone's basic needs

The first job of good government is to make sure everyone’s basic needs are met; to create the conditions in which all of us have access to life’s essentials – the core necessities that make our lives possible and worth living. This proposition is the starting point for the ‘social guarantee’, a value-based guide to policy and practice.¹

There’s broad agreement about what basic needs are: a home to live in, nourishing food, education, people to look after us when we can’t look after ourselves, healthcare when we are ill, clean air, water, domestic energy, transport to take us where we need to go, access to the internet and a safe environment. The list checks out with science and public opinion. Needs are universal across time and place, although how they are satisfied will vary widely according to local circumstances.

The social guarantee has at its heart two convictions. First, we can only meet all our needs by pooling resources, sharing risks and working together through our shared, public institutions and through our local neighbourhoods and communities. Meeting needs cannot be left simply to individual market transactions. While a decent cash income is important for everyone, none of us (even the rich) can meet all our needs without collective measures – most notably, public services that deliver life’s essentials, backed by the investment of public funds and regulation in the public interest. These collective measures – or in-kind benefits that represent a ‘virtual income’ – are embodied in the concept of ‘universal basic services’,² which is central to the social guarantee.

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The second conviction is that the most fundamental of all human needs is a safe planet, without which all efforts to satisfy other needs are ultimately futile. The social guarantee is crucial for achieving a just transition to net zero and a ‘safe and just space for humanity’, for reasons outlined below.³ It helps to generate electoral support for climate action by integrating social and environmental policies so that people in poverty are not penalised and no one feels left behind.

MEETING NEEDS TODAY

In schooling and healthcare in the UK today, we have a glimpse of what it could look like to realise some of the aims of the social guarantee. We can also see what happens when different values take hold – when the collective ideal is smothered by free-market ideology, when the centre accumulates power, and when human and natural resources are ruthlessly subordinated to the goals of maximising profit and boosting GDP growth.

1 Full details of the project can be found at www.socialguarantee.org

2 Coote A and Percy A (2020) *The Case for Universal Basic Services*, Polity

3 Raworth K (2017) *Doughnut Economics*, Random House Business Books

It is also plain that, beyond schooling and healthcare, millions do not have their basic needs met – for housing, food, care, transport, access to the internet, domestic energy, clean air and water. Many will have some of the above, but not sufficiently to meet their needs. A roof over one’s head is not enough if living conditions are squalid and unhealthy. There may be food that’s well short of basic nutritional standards, or else unaffordable. Or a ‘care service’ that turns out to be meagre, unreliable and demeaning – in short, uncaring. Or an electricity supply that’s been turned off due to non-payment. Or a bus that seldom arrives and doesn’t go where you need to go. And so forth. In such cases, the interests of private, for-profit organisations routinely take precedence and markets manifestly fail to deliver life’s essentials to everyone.

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That’s why collective measures are necessary: to regulate markets so that everyone can afford to buy what they need where possible and to make sure all other needs are met through universal and sufficient services. It’s why the social guarantee calls for public investment in social infrastructure – to prime the cogs and wheels of everyday life so that all human beings can survive and flourish, regardless of income, status or location.

THE SOCIAL GUARANTEE FRAMEWORK

The unique focus of the social guarantee is on how to set about meeting human needs at this point in our history and why public services, backed by investment and regulation, are indispensable for living well within limits.

It recognises that different needs are bound to be met in different ways. Proposals for developing a range of universal services are itemised elsewhere, drawing on examples of good practice in other countries as well as in the UK.⁴ To be universally accessible, services must be free or genuinely affordable for all who need them and of sufficient quality to meet their needs. The social guarantee offers a principled framework to guide policy and practice in every case – as follows:

- *the right to life’s essentials*: by sharing resources and acting together, everyone has what they need to participate in society
- *devolved powers*: locally procured services with decisions shared by residents
- *a mixed economy of service provision*: with a range of state and non-state organisations, all bound by a shared set of public interest obligations
- *built-in sustainability*: with services designed to minimise environmental damage
- *fair pay and conditions for service workers*: a living wage, good working conditions, career development and trade union recognition.

SOCIAL RIGHTS AND DEVOLUTION

Central to the social guarantee framework is the principle that access to life’s essentials should be a matter of right, not a privilege or concession. Following Marshall and others, it supports the concept of ‘social citizenship’, whereby all members of society must have social and economic rights to services and resources that meet their needs, not least because this enables them to exercise civil and political rights that protect them from harm and enable democratic participation.

⁴ Coote A and Percy A (2020) *The Case for Universal Basic Services*, Polity

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The same principle features prominently in *A New Britain*, the report of the Commission on the UK’s Future, chaired by Gordon Brown and published by the Labour party.⁵ The report proposes “new, constitutionally protected social rights ... that reflect the current shared understanding of the minimum standards and public services that a British citizen should be guaranteed”. It calls for “rights relating to health, schooling, poverty and housing” to be embedded in a new constitutional settlement designed to distribute power and resources far more evenly across the nations and regions of the UK. It also envisages a future Labour government setting “further minimum standards for every citizen, no matter where they live, of public services or a ‘Minimum Infrastructure Guarantee’ on transport and communications networks, and local amenities”.

For the Brown Commission, universal social rights embedded in law are essential for devolution: they help to establish a unity of purpose, with shared values and principles across the whole population. And they guard against new local powers being misused by some authorities to leave basic needs unmet. Similarly for the social guarantee, devolution is a key factor in delivering life’s essentials because it redistributes the means of doing so more evenly across the country and helps put people in control of how their needs are met.

A MIXED ECONOMY AND AN ENABLING STATE

While the social guarantee is by no means a recipe for ‘big government’, it asserts the importance of state intervention in the public interest – through services, investment and regulation. Where appropriate, government bodies provide services directly (schools and the NHS are examples). Beyond that, the state acts chiefly as enabler. Its role is to ensure equal access according to need, to set and enforce standards, to collect and distribute funds, and to support and coordinate service provision across needs and sectors.

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The social guarantee supports the concept of ‘social licensing’ through which all providers that receive public funds (directly or via subsidised user fees) must comply with a shared set of public interest obligations – notably to ensure access according to need, sustainable practice, sufficient service quality and fair pay and conditions for service workers. Social licensing was initially proposed by Froud and Williams of the Foundational Economy group.⁶ It offers an alternative to wholesale public ownership, encourages innovation by local authorities, community-based organisations and other third-sector players, and curbs anti-social and extractive tendencies of financialised capital.

Social licensing could be seen as reversing the momentum of ‘new public management’ (NPM), which since the 1990s has sought to introduce market rules into the state sector.⁷ NPM claimed that incentives such as disaggregating purchaser and provider functions and introducing competition and choice would improve outputs. Such improvements were limited and ultimately outweighed by the consequences of NPM’s main achievement, which was to open up public services to corporate

5 Commission on the UK’s Future (2023) *A New Britain: Renewing our democracy and rebuilding our economy*, Labour party. <https://labour.org.uk/page/a-new-britain>

6 Froud J and Williams K (2019) ‘Adding value: social licensing for the common good’ in Reeves R (ed) *Everyday Socialism*, Fabian Society. <https://fabians.org.uk/wp-content/uploads/2019/09/FABJ7429-Socialism-Pamphlet-0819-WEB-002.pdf>

7 Ghuman BS (2001) ‘New public management: theory and practice’, *Indian Journal of Public Administration*, 47(4): 769–779. <https://doi.org/10.1177/0019556120010410>

predators. Social licensing seeks to reassert the public interest by putting people first – not as ‘customers’ but as citizens and residents who have a right to life’s essentials – so that this can become the driving force in transforming public services for the 21st century.

SOCIAL AND ECONOMIC EFFECTS

There is a strong social justice imperative to give priority to meeting needs. Most obviously, ready access to life’s essentials for all eliminates absolute poverty. When needs are met through a sufficient cash income combined with services that deliver a virtual income or social wage (as the social guarantee proposes), there is a strong redistributive effect. Funded wholly or partly through taxation, services represent a far higher proportion of total income for poorer than for better-off households. They exert a huge influence over the cost of living by supplying essentials that don’t have to be paid for out of pocket. Analysis by the Institute for Fiscal Studies shows how a range of services (or ‘benefits in-kind’) substantially redistribute resources between lower and higher income groups.⁸

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There’s also a powerful *economic* imperative. Without a well-functioning social infrastructure, the formal economy cannot thrive. If people are poorly housed and under-educated, ill-fed, sickly, immobilised, beset by anxieties, robbed of hope and struggling to get by, how can they be expected to contribute to a dynamic modern economy? How can they possibly be active, caring, energetic, creative, innovative agents of regeneration? Meeting people’s needs is sometimes construed as a second-order effect of a prosperous economy. In fact, it is a precondition for building that prosperity.

Implementing the social guarantee would generate a great deal of new employment. By maintaining health, relieving informal caring responsibilities, helping with travel and furnishing digital access, services that supply life’s essentials make it possible for people to enter and stay in paid work. At the same time, improving and extending services would bring new jobs at all skills levels to all corners of the country. Most services have to be where people are – so the jobs are local, enabling more people to work, earn and contribute.

“Without a well-functioning social infrastructure, the formal economy cannot thrive”

Calling for more and better services is not, as some would have it, an unrealistic demand for scarce public funds, but a sure way to generate dividends for the public purse. For example, recent modelling by the New Economics Foundation (NEF) finds that “high-quality, universal childcare provided free at the point of use is likely the highest-returning investment a government can make”.⁹ NEF argues that the returns are so strong and dependable that investment should be funded through borrowing. Benefits to the public finances outweigh costs (including those of borrowing) to the tune of “around £1.50 for every £1 spent”.

Likewise, public investment in education, housing, transport and care will yield dividends by supporting health and wellbeing, building knowledge and skills, preventing harm through early intervention and creating conditions that enable people to feel secure and fulfil their potential. And where this is a collective endeavour, with services that are managed through public institutions, it is

⁸ Ogden K and Phillips D (2021) *The Distribution of Public Service Spending*, Institute for Fiscal Studies. <https://ifs.org.uk/inequality/the-distribution-of-public-service-spending>

⁹ Sandher J and Stephens T (2023) ‘Investing in universal early years education pays for itself’, New Economics Foundation blog, 18 July 2023. <https://neweconomics.org/2023/07/investing-in-universal-early-years-education-pays-for-itself>

likely to achieve better value for money than a system based on competitive markets and profit maximisation. Public services can apply economies of scale, lower transaction costs, restrain profit extraction and reduce risks arising from inequalities of knowledge and power.¹⁰ They can do this whether provided directly by the state or supported and regulated by the state as part of a mixed economy of providers.

ADDRESSING THE CLIMATE EMERGENCY

Connections between meeting human needs and saving the planet are still poorly understood. This section points briefly to reasons why the social guarantee is a central and indispensable component of the environmental agenda.

Promoting solidarity

As a collective endeavour, the social guarantee embodies and strengthens social solidarity, meaning “feelings of sympathy and responsibility between people that promote mutual support”.¹¹ The effects of climate change and resource depletion are felt collectively and cannot be tackled by individuals on their own. They require shared effort and mutual aid within and between social groups, across nations and regions. By asserting the value of solidarity and by supporting a politics where collective action is central rather than marginal, the social guarantee helps create favourable conditions for concerted action to safeguard the planet.

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Recognising limits

The International Panel on Climate Change (IPCC) acknowledges that “development targeted to basic needs and well-being for all entails less carbon-intensity than GDP-focused growth”.¹² Human needs are satiable, unlike wants and preferences, which can increase infinitely. There comes a point where too much of what one needs can be counterproductive or even harmful – think of an excess of food or care, for example. A needs-based approach aims for *sufficiency* and recognises limits, both upper and lower, to what is necessary to live well.¹³ Enough for all, so that everyone can have enough. This overturns the logic of orthodox economics, which depends on generating and satisfying unlimited wants and preferences, and it helps to lay foundations for a sustainable alternative.

“This overturns the logic of orthodox economics”

Preventing harm

The principle of ‘built-in sustainability’ in the social guarantee framework is intended to prevent harm to the natural environment through the design and management of services (more on this below). More fundamentally, the goal of preventing harm is embedded in the social guarantee’s approach to meeting human needs. Individual services are not stand-alone coping mechanisms. There’s no point having a better NHS if people keep getting ill because they are poorly housed or fed, for example. The overarching aim is to prevent harm occurring by meeting all basic needs, rather

10 Gough I (2021) ‘Universal basic services: a theoretical and moral framework’, *Political Quarterly*, 90(3): 534–542. http://eprints.lse.ac.uk/101051/1/UBS_PQ.pdf

11 Coote A and Percy A (2020) *The Case for Universal Basic Services*, Polity

12 International Panel on Climate Change (2022) *Climate Change 2022: Mitigation of climate change*. https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_Full_Report.pdf

13 Gough I (2021) *Two Scenarios for Sustainable Welfare*, ETUI. <https://www.etui.org/sites/default/files/2021-11/Two%20scenarios%20for%20sustainable%20welfare%20New%20ideas%20for%20an%20eco-social%20contract-2021.pdf>

than waiting to treat problems that arise when any need is unmet. A system dedicated to holistic ‘upstream’ prevention will reduce demand for ‘downstream services’ that are generally more resource-intensive and take a heavier toll on the planet.¹⁴

Reducing inequality

It has long been acknowledged that greenhouse gas (GHG) emissions cannot fall equally for each income group, whether within countries or at a global level. Given the reduction levels that are required to avoid catastrophe, an equal distribution would soon drive the poorest below any acceptable minimum living standard into utter destitution, with terrifying consequences in terms of mass starvation, conflict and migration across the world. This calls for two integrated downward pathways to achieve net zero: a falling aggregate emissions pathway and a falling inequality pathway. Through its redistributive effects, the social guarantee has a critical, central role in reducing emissions to a safe level.

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Changing patterns of consumption

By meeting needs collectively through services, the social guarantee can decommodify some forms of consumption and encourage individuals to behave more sustainably – for example by providing public transport as an alternative to using private vehicles. Shifting resources away from high-end spending can also influence consumption. Improving and extending public services will almost certainly require higher taxation. Whether this is done through a wealth tax, ‘smart’ VAT on luxury goods, closing loopholes or raising income tax for higher earners, spending power in the upper income deciles is likely to be reduced. This is where luxury consumption (on second homes, multiple flights and exotic holidays, for example) is otherwise most abundant, accounting for high levels of harmful emissions and resource depletion. Meanwhile, more and better in-kind benefits for all will leave lower-income families with more disposable cash so that they are more comfortable and secure, but with moderate spending power unlikely to mirror the excesses of today’s wealthy consumers.

Creating low-carbon jobs and transforming provisioning systems

As noted, the social guarantee could generate new employment. Most jobs would be low carbon, because most services depend on people and relationships rather than on energy-intensive hardware. Caring and teaching are examples. In these and other sectors, provisioning systems that are democratically controlled with the purpose of serving the public interest have greater potential than market-based systems to safeguard ecological limits.¹⁵ Unlike private corporations, they are not overly constrained by competition rules and obligations to shareholders. Through their networks of employees, service users and suppliers, providers contracted under social licensing obligations can coordinate sustainable practices such as active travel, resource efficiency in the construction and maintenance of buildings, and local food procurement. They can avoid duplication and waste, minimise excessive demand, and implement national strategies for reducing GHG emissions. Where public bodies work with non-government partners or subcontractors, they can spread sustainable practices among a wider range of organisations and sectors.

¹⁴ Coote A (2012) *The Wisdom of Prevention*, New Economics Foundation. https://neweconomics.org/uploads/files/b8278023a5b025649f_5zm6i2btg.pdf

¹⁵ Pilcher P-P, Jaccard IS, Weisz U and Weisz H (2019) ‘International comparison of health care carbon footprints’, *Environmental Research Letters*, 14(6).

IN CONCLUSION

The social guarantee draws on a wealth of ideas, initiatives, analytical frameworks and policy programmes that others have produced. It owes a considerable debt, for instance, to earlier work on need theory, feminist economics, sustainable development, wellbeing, health inequalities, the green new deal, ‘doughnut economics’, the foundational economy, the ‘entrepreneurial state’, community wealth building and minimum income standards. There are strong synergies, as noted, with the findings of Gordon Brown’s Commission on the UK’s Future and with the analysis of consumption for the IPCC by Julia Steinberger’s team. And much more. In short, the social guarantee is not a one-off dazzler to outshine other ideas, but a big, chunky piece of the jigsaw that will (if anything can) make it possible to live well together on equal terms and by sustainable means.

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While it is a ‘big idea’ with ambitious goals, it is also pragmatic. It can start locally on a modest scale. It sets out a direction of travel, applying values and principles that are widely shared across the population. Consistently applied, it can help rebuild trust in politics and government. More important still, it anchors climate action in an agenda for social justice and wellbeing – without which the most urgent of all today’s political challenges will not be met.

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