

The crisis of everyday liveability (and what to do about it)

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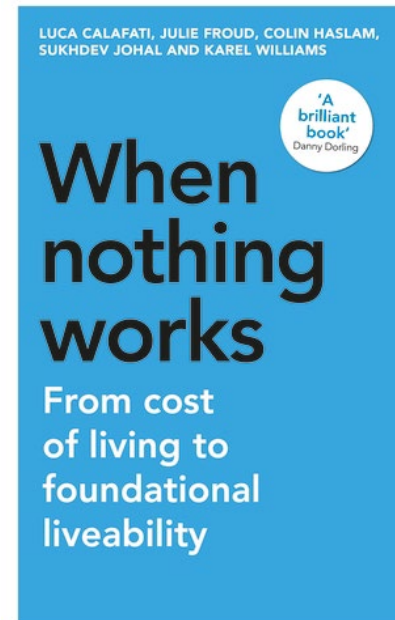
Outline

Starting point is a 'cost of-living-crisis': triggered by an energy price spike, requiring government action...

Alternative framing

1. How we understand the crisis?: more broadly as a crisis of foundational liveability; challenges traditional policy concerns with growth + high wages (business as usual)
2. What to do about it?: need for dispersed social innovation; liveability crisis demonstrates the limits of market entitlement and of government intervention technologies

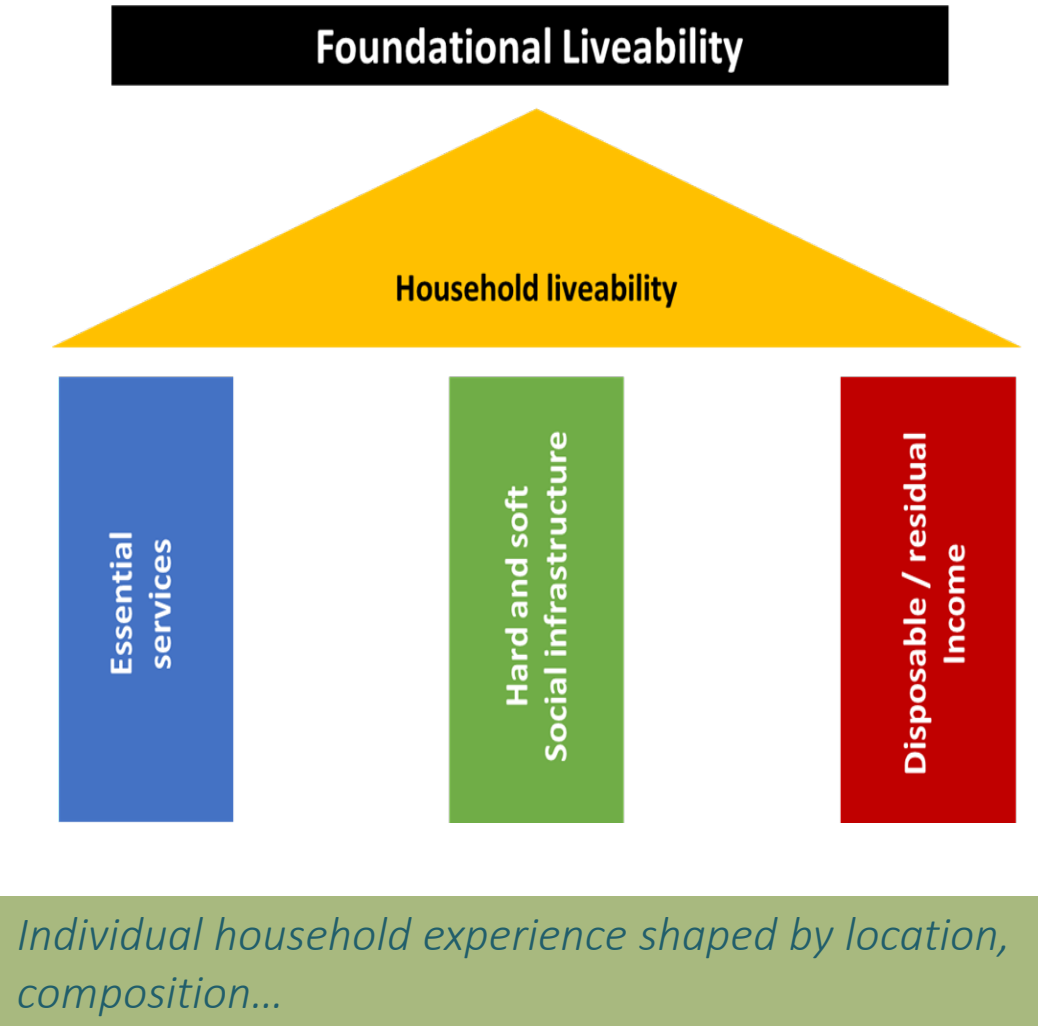
Development of foundational thinking of the British FE team (since 2013 argument about the importance of essential services/ non tradeable everyday necessities)



Understanding
the crisis
conceptually and
empirically as a
crisis of household
liveability



Conceptually, liveability is about more than income



Household liveability rests on three pillars:

- *Access to and quality of essential services/foundational economy of providential and material services
- *Social infrastructure (buildings, green spaces, activities, associations...)
- **Residual* income (income after the cost of essentials)

Within planetary limits...

Empirically, in a country like the UK, all three pillars are crumbling: austerity-hit public services

Problems of essential service provision after a decade of austerity and Covid-19 stress. E.g.

English National Health Service waiting list of 7 million people; rising out-of-pocket medical spending

Local bus provision/ distance reduced by 27% 2011- 2022 in England; 1 in 10 routes expecting to be cut in Wales in 2023

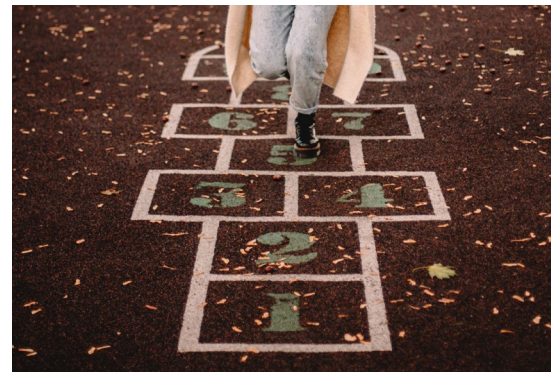
Vulnerability of low-income households depending on free or subsidised state services (benefits-in-kind)

Income deciles 1-5 in UK each get more than £13,000 worth of free services per year (even with austerity); income cannot substitute for poor public services



Social infrastructure: accumulating, chronic neglect; unevenness & privatised consumption

- Deficiencies in hard infrastructure provision by local authorities: parks, libraries, leisure centres are subsidised, with charges recovering only 25% of their costs
- With austerity budget cuts from 2010, local authorities prioritised statutory services of adult and children's care.
- Cultural and related spend cut by 30-40%, with larger cuts in deprived areas which lost needs-based grants
- Loss of facilities (& lack of time) damages soft infrastructure (community association & activities)
- Higher income households can pay for access to *some* social infrastructure



Conceptually, the income that matters is not individual wages but household residual income

Household income from wages and cash benefits, and after taxes

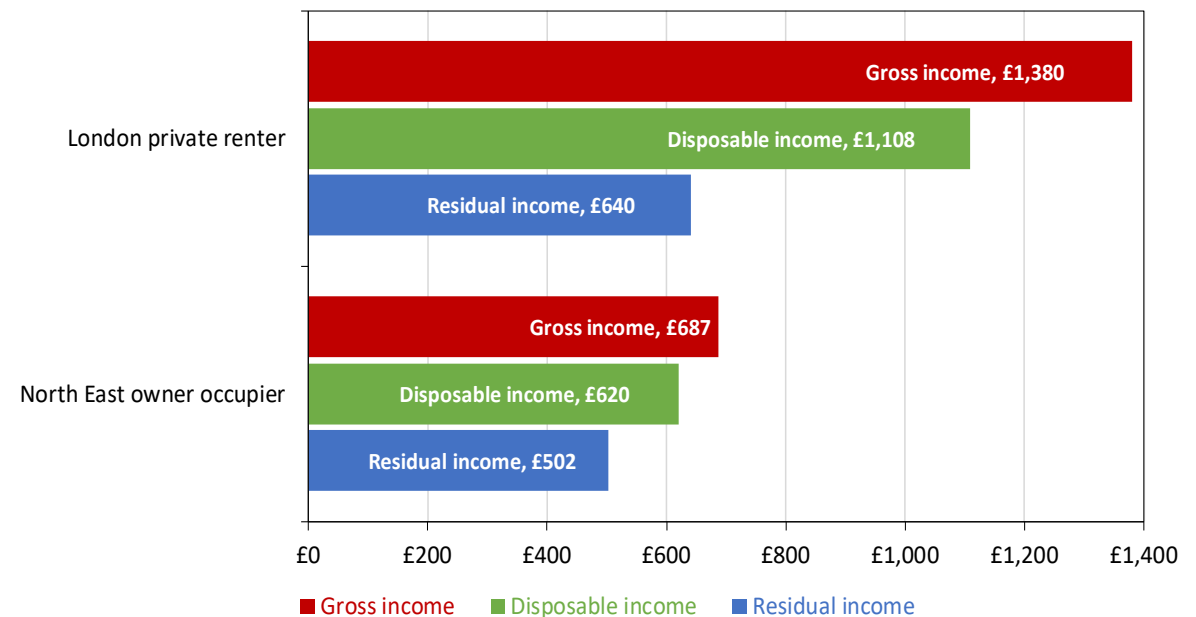
less

Cost of foundational services that all households pay for: e.g. housing, food, energy, transport

Residual income is what is left over for discretionary expenditure, savings/debt management

A metric that can be adapted... e.g. add in costs of childcare

Shaped by: household size and composition; number of wage earners and their pay; access to cash benefits; cost of key essentials (especially housing)



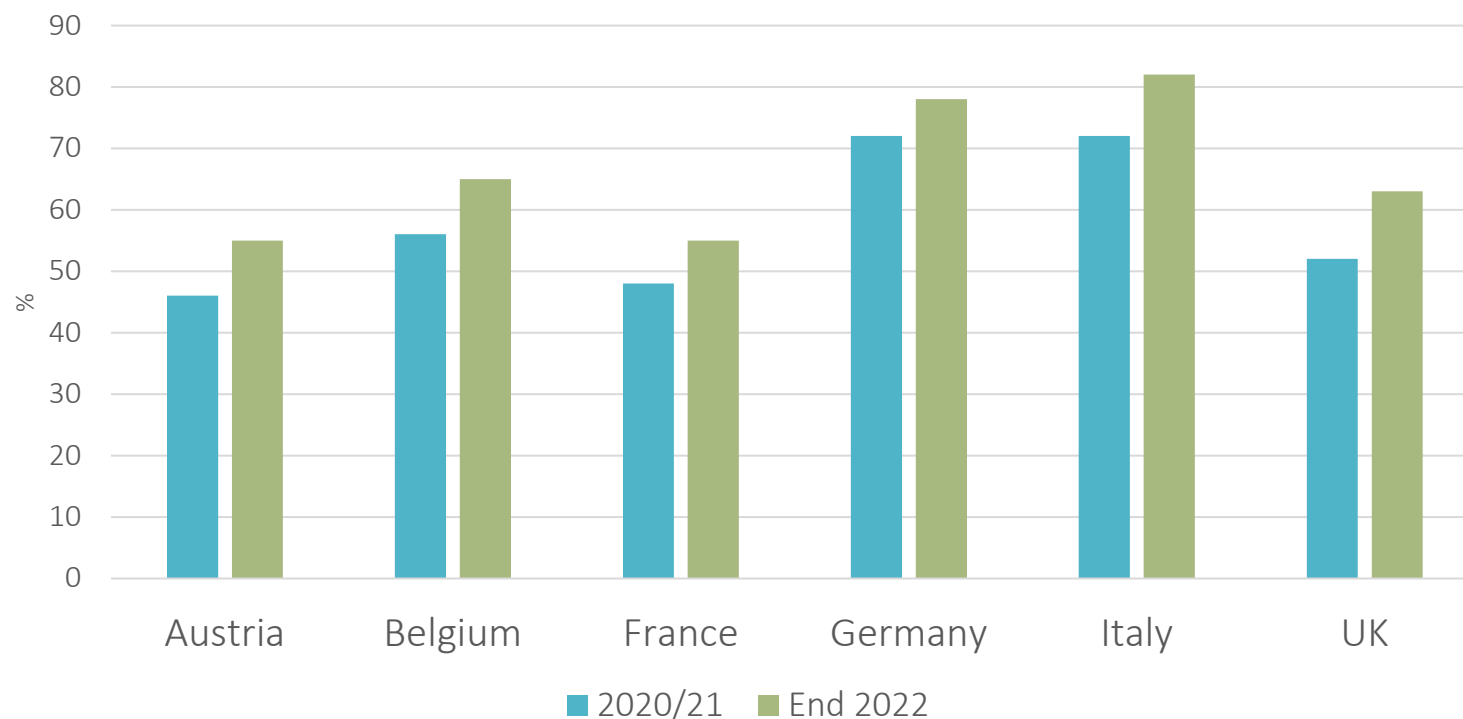
Empirically, across Europe low-income households have little residual

FE4 = expenditure on four foundational economy essentials (relevant to all households) – housing, energy, food, transport.

For lower income households.

- How much of total expenditure goes on the FE4?
- How much is left/ the residual income for other expenditure?

FE4 spend as % of total household expenditure – lowest income households



Note: the countries are not directly comparable as the 'lowest income' group varies. Austria, France and UK: lowest two deciles (20%); Belgium lowest quintile (20%); Germany lowest sixth (17%); Italy lowest quartile (25%)

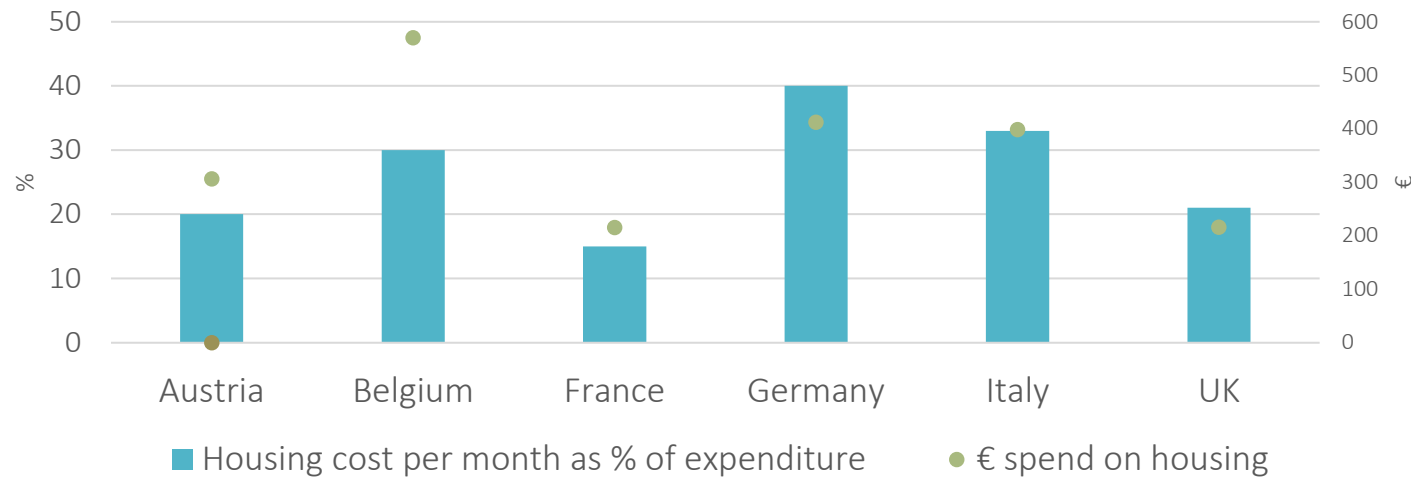
Empirically, across Europe, the long-term driver of liveability is low-cost housing

Large differences between countries e.g. Austria vs Germany; France vs Italy

Housing quality also matters: energy efficiency; space, condition, security; location/ access to amenities; asset acquisition.

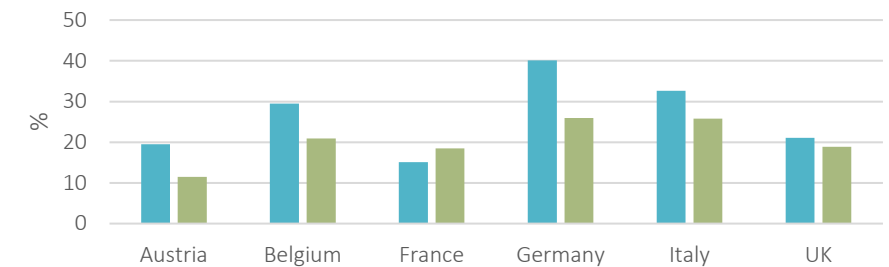
Poor regulation compounds disadvantage for (private) renters

Housing costs for lowest income households, 2020/21

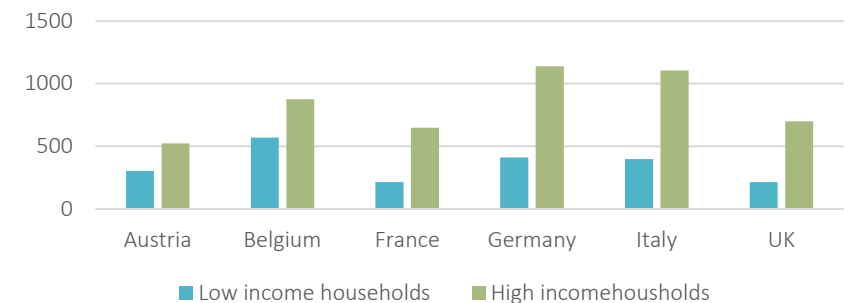


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a) Housing cost as a % of total household expenditure



b) Household monthly expenditure on housing (€)



What to do about the crisis? The importance of managing liveability, including the cost/quality of FE 4



The crisis shows the limits of foundational economy (FE) governance by welfare state or market entitlement

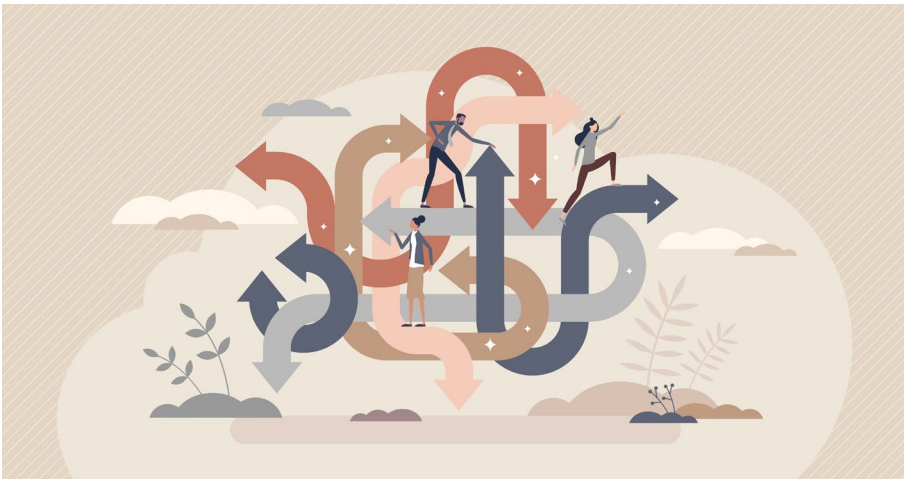
The limits of welfare state entitlement
i.e. top-down government underwrites security with social insurance and redistributes via income transfer & subsidised public services; subject to political risk

Crises like Covid are not insurable; political resistance to increased taxes on income or wealth (now up to 7x GDP), despite large wealth inequalities

The limits of market entitlement
i.e. an implicit social contract whereby the state stepped aside and cheap essentials - especially food and energy - would be provided by global markets

Assumption that FE provision could be regulated and left to the market; but regulatory focus (if at all) more on prices/ competition than on infrastructure renewal and resilience

And, the problem of market obstacles and limited government capability



Marketisation after 1970s brought financialised capitalism and vested corporate interests, not competition

Markets can't organise liveability improvements e.g. housing retrofit, quality of public food, transportation/ travel, community energy...

Government increasingly involves front-office promises, long range targets and false enemies

non-delivery undermines centre-left and centre-right

Government back-office capability has deteriorated; reliance on private 'partners'

e.g. lacks the data for discriminating support on household residual income

A new politics of improvement ?

Start with clarity about liveability:

taking social infrastructure seriously; the importance of managing FE 4, especially housing cost

recognising the difficulty of staying within planetary limits in high income societies; no simple supply-side substitutions (e.g. BEVs, renewable energy); but liveability as an offer



Social innovation is required: e.g.

Innovative service provision in health and care, backed up by demand management through attention to prevention/ drivers of ill-health, social prescribing

The gift of time for low-income households like the '4-day week'; and reducing time inequalities through public transport, childcare improvements etc

An agenda for improvement: from where we are, with what we have

For example, residual income reshaping:

Rebuilding labour power; reducing the cost of housing;

For the lowest income households: benefit levels and rules, social tariffs

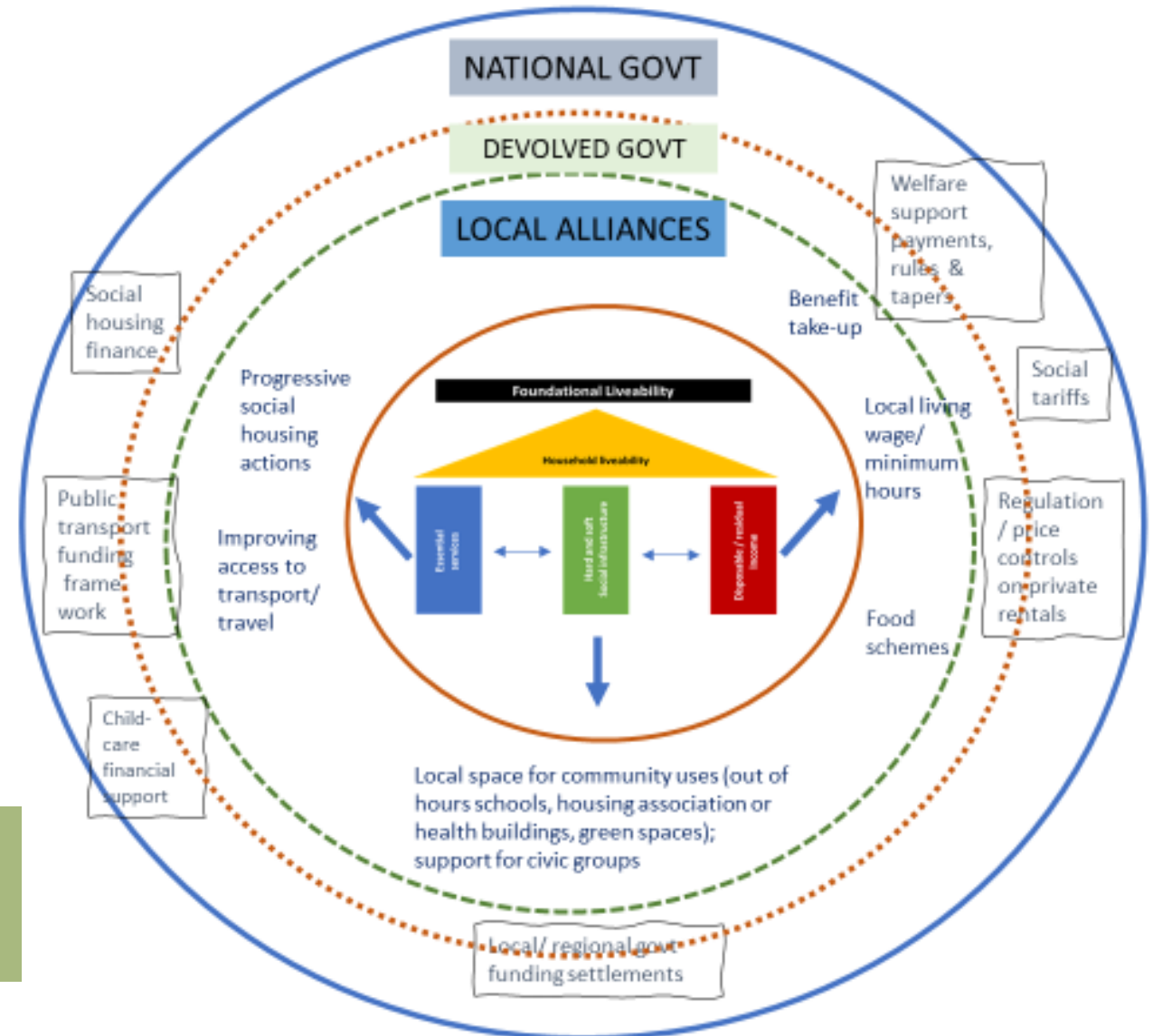
Gift of time: job security, 4-day week/ or flexible working

Essential services & social infrastructure:

Redesigning across services and around people

Social infrastructure quality and access

*Can constraints be addressed?
Where is the scope for liveability
actions?*



An agenda for us all: dispersed social innovation, distributed responsibility

There's much that government *could* do, but...; often stuck with mainstream thinking about growth, jobs and 'business-friendly' supply-side interventions (as in EU programmes); follower, not leader in social innovation

High level political pledges (e.g. net zero) rest on modernist illusions about controllability or push action/choices into the future; what can we do next to deliver meaningful improvements for household liveability now; liveability as a political project through processes of improvement/kaizen and adaptive reuse

Scope for actors with agency to form alliances for change.

Recognise foundational change requires different attributes: creative agency, balance sheets/financial resource, community legitimacy, technical/management capability.

Understand importance of place: foundational systems come together in various ways in different places.

