DEMOS

THE GRAVITATIONAL STATE

MAKING DEMOCRACY WORK

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THE GRAVITATIONAL STATE

During the 2010 General Election campaign, a large Conservative poster was put up in the bus stop outside my flat in Peckham. I saw it every morning when I left at 5am to get to Cowley Street, Lib Dem HQ. And I saw it every evening when I came home at 10pm to grab a few hours' sleep. "Big Society," it declared, "Not Big Government". I chewed that message over a lot, in my caffeine-fuelled journeys, until I finally figured out why I, an anti-big-government liberal, and a fan of society, found it so irritating. It was the word Big. Brothers, after all, are generally a good thing. Big Brothers? Not so much. Society? Count me in. A Big Society? No thanks.

The debate over this word society has marked the sea changes in political ideas ever since Margaret Thatcher's interview to Woman's Own in 1987, in which she famously declared: "Who is society? There is no such thing! There are individual men and women and there are families." The comment was picked up by Tony Blair, who used it as a symbol of everything that was wrong about the individualistic era of the 1980s. It was so effective that David Cameron put his take on Thatcher's words at the heart of his pitch to detoxify the Conservative party, declaring "There is such a thing as society; it's just not the same thing as the state."

In this paper I want to argue that, while there is such a thing as society, it doesn't happen by accident. Increasingly, the state needs to take a leading role in building and shaping it: we need a "gravitational state" that pulls people together into a society. The paper is the last

in a series called Making Democracy Work. In the first I made the case that the success of a democracy is contingent on this thing we might call "society" - or a "demos". And that a strong society is founded on trust and relationships between citizens, and between citizens and the state. In the second paper I looked at a dozen different trends that are fragmenting society into atomised individuals and opposing tribes, and made the case that it is the state's job to address this. In the third paper, I looked at the way we make policy, and argued that it is doing the exact opposite: dividing and patronising citizens. In the pages to come, I want to set out an alternative approach to government and policy making that can rebuild society, empower citizens, and unite a demos to tackle collectively the vast challenges our century presents.

THE PURPOSE OF POLICY

This won't feel like a set of proposals to tackle climate change, regulate AI, design an immigration system, fund the state, or resolve any of the biggest policy problems that usually come to the top of the list. That's because it isn't. It's an agenda to build a society that's capable of agreeing on how to solve those problems.

Throughout, we're going to need to think about the externalities of policy choices - or it might be easier to call them side-effects - in a new way. In fact, sometimes what look like side effects are the effects we really want.

Margaret Thatcher once said, of her policy plans, that "Economics are the method; the object is to change the heart and soul." In other words, Thatcher wanted to transform the way British people thought about themselves, their identity, and their relationship to one another. She and many of her supporters wanted to build a property-owning democracy: they believed that asset ownership helped people to be more ambitious, entrepreneurial and self-reliant. In other words, the purpose of a policy like Right to Buy wasn't simply to increase home ownership: it was to change the way people felt about housing, assets, investments and opportunities. Policies like this, along with others like encouragement to buy shares in de-nationalised industries, were driven by the belief that over time, a more ambitious, entrepreneurial and self-reliant set of citizens would drive growth, opportunity and responsibility across the country.

I am no Thatcherite, but I have always been drawn to this way of thinking about policy, which recognises that every policy choice is about far more than whether it achieves its primary goal. The path you choose has ripple effects on the way people feel about themselves, about each other, and about the government.

For example: a universal welfare payment like Child Benefit might change how recipients feel about the benefits system, even if higher income families pay out in taxes more than they receive. You might be able to design a tidier system, with means-tested payments and lower taxes, that looks the same in terms of its distributional effect between poorer and richer families. But it wouldn't have the same impact because people would feel differently about it.

There are always dozens of different ways to achieve any policy aim. Usually policy makers will argue about which is the most cost-effective, direct path to achieve it. Politically-minded policy makers may focus on which is the most popular. I want to focus on the side effects; as novelists have known for a long time, sometimes the meandering path is better if you make friends along the way.

For example: if you want to narrow the attainment gap between richer and poorer children, or between ethnic groups, it might be possible to do it in a highly segregated school system, if you get the funding right. But it would miss the opportunity for children and families to build relationships with people from different backgrounds, so I'd prefer to focus on options that come with a side-effect of integration. And I don't mind so much if that seems to offer a slightly lower return on investment than a segregated alternative.

This set of ideas is a response to the question of how we can build the conditions for consensus, and the resolution of the conflicts that are preventing us from solving our collective problems. Front and centre of our political agenda must be considerations about how policy changes the experience, the relationships, and the structure of society.

Fifteen years ago, then Demos chief executive Tom Bentley came to a similar conclusion in his paper Everyday Democracy, one of the best and perhaps most fatefully ignored pamphlets we have ever published. Tom argued, as I have earlier in this series, that the gap between the skill set

of the consumer and the skill set of the citizen was getting ever wider. He expressed serious concern at the stagnation of our institutions and the rise of tribal politics to take their place, warning that "the erosion of fragile democratic cultures will lead to the breakthrough and dominance of a far more basic and violent form of identity politics. The existence of far right parties in Europe, and of radical Islamic parties in many other countries, illustrates this possibility."

Tom's prescription was, as the name of the paper implies, an Everyday Democracy. He summarises it in the paper in this way:

> *"Without renewing democracy at every level, our capacity to succeed as societies, and then as individuals within them, will drain away. Without new forms of democratic sovereignty, innovative and creative changes to our current model of political economy will not emerge. Without the mass exercise of citizenship many of our public traditions and institutions will atrophy. Without a new level of direct citizen participation the legitimacy of our political institutions will continue to decline. Without new cultures of dialogue, exchange and learning, our social differences will overwhelm us. That is why democratising the relationships between people, institutions and public authority is the central challenge of our age."*

In other words, Tom argued for more democratic processes not particularly because they were right or moral, or even because they would improve the quality of the decisions made, but because they would change the experience of citizens, the relationships between them, and so the nature of society.

Promoting and developing Everyday Democracy became the central purpose of Demos under Tom's leadership. Now, in 2021, I want to return it to its rightful place as one of our most important themes. But I want to go further, because everyday democracy, in which people take more power and control in the processes and organisations that affect their daily lives, is a necessary but insufficient response to the crisis of division and individualism we face. To change the heart and soul of the nation we need to strengthen more than just people's relationships with political power.

- We need to strengthen the relationships and trust between individuals, and between divergent groups.
- We need to bring the interests of divergent groups closer together, under a cohesive national identity.
- We need to build the skills of citizenship among our people to enable them to be better collaborators.
- We need to generate a sense of economic and procedural justice: make it feel to everyone that the economy works for them, and for people like them.

To put it even more simply, we need to focus on relationships: between people and each other, people and the economy, and people and politics. So alongside Everyday Democracy, we need to build:

- A civic nation in which we take radical steps to build relationships between individuals, groups and communities, and so build an inclusive, diverse British demos.
- Citizen capitalism in which we give people more control and power in their economic lives.

The overall goal of the agenda set out below is to build a society that is capable of reconciling its differences. The policies I suggest would help build a cohesive demos, where relationships between people, politics, and the economy are strong enough that the compromises of a shared future feel worth making.

EVERYDAY DEMOCRACY

Tom Bentley made the case for Everyday Democracy as a way of reconnecting people and politics. Instead of trying to fix democracy by fiddling with the most distant institutions, involved in the most arcane and complex areas of policy, he proposed we start with the grassroots: involve people in democracy about the things that matter most to them.

As Tom put it:

> *"How can this set of [democratic] principles be given tangible expression through institutions that connect with people's daily lives, rather than being imprisoned within cultures and institutions that are viewed only through the long-distance lens of the media. Only if democracy is anchored in everyday experience will it be possible to legitimise shared rules that restrict people's freedom some of the time."*

That means there are two basic elements to this reform agenda.

- Massive devolution
- Participative policy making

The goal of everyday democracy is, in large part, about capacity building for the individuals who comprise the nation, so I will also look at the support people need to enable them to be effective, active, digitally included citizens.

Community Devolution

The desire to standardise across the country is driven by an ideological commitment to fairness and equity that has huge merit. Politically, devolution bumps up against fears of a postcode lottery or postcode inequality as poorer areas get less funding, because they have higher needs but lower tax revenue. There's also the risk that politics gets more intense locally, and you end up surrendering evidence about what works and replacing it with what people fancy, even if that's no housebuilding, unsafe hospitals or expensively-subsidised,but hardly-used, post offices.

So why do we need far greater democracy at the local level? It's because taking decisions away from people absolves them of responsibility for managing trade-offs and complexity. It allows them to outsource difficult decisions to politicians who they then complain about, and eats away at the political system. Many of the policy problems we face today are in fact better resolved at community level because it's where we have the best chance of building legitimacy for so many uncomfortable decisions.

But the community level is also where you can leverage human relationships, voluntary networks and community infrastructure to be far more effective, often for less money. The state can be mobilised at

national level to meet demand, but only a really strong social system can actively reduce demand.

The Community Paradigm is the name given by New Local, a think tank working with local government and other organisations, to their work. Articulated by director Adam Lent and research director Jessica Studdert, the Community Paradigm is a helpful alternative way of framing the argument about everyday democracy. I want to touch on it because it helps show that community decision-making and community control do not need to lead to worse services: in fact they can be better than the technocratic systems they replace which offer only the illusion of efficiency or equity.

Before the Second World War, our public services were delivered by what Lent and Studdert describe as the civic paradigm: a patchwork of local, independent organisations funded by voluntary contributions and, increasingly, by tax, especially local taxes. When the modern welfare state was founded in the 1940s, it was designed around a hierarchical, state-controlled model: Lent and Studdert describe this as the state paradigm. From the 1980s a market paradigm was predominant: focusing on the state as purchaser of services, focused on driving efficiency and expanding choice and competition in public service markets.

Lent and Studdert argue that we should shift to a community paradigm:

> *"The fundamental principle underpinning this paradigm is to place the design and delivery of public services in the hands of the communities they serve. In this way, a new, egalitarian relationship can be built between public servants and citizens: one that enables the collaboration necessary to shift to prevention; one that requires communities to take more responsibility for their own wellbeing; and one that means citizens and communities can genuinely take back control."*

Their work identifies why the community paradigm is more likely to be effective at tackling the kind of systemic problems identified in earlier chapters. It engages people at a level that is far more likely to influence their own behaviour and choices. It has agility and personalisation that are vital in a diverse society. It builds connections and relationships between people that, over time, add up to social capital.

Communities have shown they are one of the most effective elements of disaster and emergency relief. All our resilience planning should include efforts to build up social capital and community infrastructure that can be flexibly deployed at times of crisis.

We need to stop thinking of community as a nice to have and start putting it at the heart of our recovery and renewal planning. Community action isn't a bolt-on to make people feel good: almost every element of government activity should consider how to mobilise community action and volunteering, as a way of improving outcomes and effectiveness.

One of the best arguments against devolution, of course, is that it enables far more variation between places and that tends to benefit people who are better off: instead of a single national system, you get good services where people can pay for them, and bad services where need is highest. Of course, national systems tend to have huge variation in them, too, no matter what the theory says. But it's vital that we don't allow community devolution to exacerbate inequality: in fact, we should use it to push in the opposite direction. Efforts to build social capital and democratic capability need to be concentrated in areas of higher deprivation. Whether through the transfer of community assets, the investment of time and resources in training, education, and relationship building, or simply through more direct funding, poorer areas need far more support, to enable them to take power, and develop their capabilities.

Participative policy making

A couple of years ago I was invited to speak on a panel at a festival called The Battle of Ideas. It's convened every year (or was, pre-pandemic) by the Institute of Ideas, and it's designed to put big, radical ideas and combative speakers up against each other. The panel I was invited to was about the future of democracy, and I was up to speak last.

First up was an advocate of referendums, who argued that most decisions should be put to a wide public vote. He talked about the spirit of Athenian democracy in which everyone was involved in all the major decisions. He was followed by a speaker who proposed digitising democracy: essentially put all legislation on a democratic wikipedia or Github and let people change it, and argue in the comment section. Only people it mattered to would get involved, and this was a feature,

not a bug. We'd collectively debate and agree on all forms of law electronically. The third speaker proposed we focus on deliberative democracy. He talked about the Irish citizens' assembly on abortion and quoted a number of other citizens' panels or deliberative assemblies that had been used to improve the decision making process.

I found each of the speakers rather compelling and interesting, but I was baffled by the pitch each made that, essentially, their proposal should be the sum total of the democratic system. It was like DIY enthusiasts arguing about which is the best tool. You need a drill, and a saw, and a screwdriver to build a bookcase. These radical reformers were just like the conservatives who wanted to protect representative democracy as the be all and end all of decision making: absolutists who want to do everything with one tool.

One tool is not enough for democracy: we need to deploy a range of decision making processes and systems from online deliberation and citizens' assemblies to better voting systems and better processes of consultation. There are so many ways to put people in charge - we shouldn't limit ourselves to only one.

We should supplement, not replace, our system of representative democracy. Here are three ways to start doing that:

A. When we get stuck

Experts are often called in to deal with problems when politicians get stuck: they want to do something but are worried about the political risk. Gordon Brown, for example, wanted to put more money into the healthcare system. Instead of just saying, "I'm going to put more money into the healthcare system", he asked an expert, Derek Wanless, "Can you advise me on how we might meet our healthcare needs in the future?"

Derek Wanless went away for 18 months, came back and said, "Well, you could put up taxes and put more money into the healthcare system." That enabled Brown to do what he wanted to do in the first place: the decision was legitimized by expert advice. The same playbook was used for tuition fees: Blair wanted to increase them but his party were sceptical so he asked an expert, and then used that advice to navigate around the political problem.

So far so good? No: because the model only really works when public opinion is already on your side. The stakeholders it helps you navigate around are, very often, internal ones in your own party; this was certainly the case on tuition fees. When the politics are tough, as they are on social care, the independent expert's report gets stuck in a drawer gathering dust.

From here on, we should adopt an entirely different approach to what happens when politicians get stuck: they should ask the people. Citizens' assemblies are a fantastic innovation for dealing with these stuck issues. Instead of appealing to experts for legitimacy, we should appeal to normal, everyday citizens, and trust them - when given access to time, information, and expertise - to make the right choices. Few criticise the legitimacy of the jury system in deciding the fundamental question of who is convicted of a crime, because we know that the individuals have nothing to gain from the decision. They may come into the room with their own prejudices, value systems or points of view, but when they take the time to discuss, we trust the outcome. We can build on that in our democratic system.

B. Consultations

At a wedding in 2019, a friend of the bride came up to me to introduce himself. He worked at a government department, and was working on the consultation for a major white paper on an important issue of public policy. "We've put the consultation response from Demos on the pile of things we're actually going to read," he said.

Of course, my first response was to be delighted that they were taking our submission seriously. But when I thought about it in more detail, I felt a bit depressed that this is, in large part, how consultation is dealt with. The people who really care send in their thoughts; on big issues thousands of responses are received. Stakeholder groups who can secure a meeting with the minister or backbenchers may get their input listened to, but the volume of consultation responses is so large that often, a junior civil servant is put in charge of sifting and summarising, and the senior decision makers only ever get a vague sense of what people said. These consultations are also anything but representative; they attract those with the greatest interest, which tends to mean those with the most polarised opinions on each topic.

When I was in government, we persuaded Parliament to introduce a petitions system that would trigger a formal debate in Parliament if anyone could secure more than 100,000 signatures for a petition. The Committee wanted the final say on that in case people (as they did) submitted daft proposals like Jeremy Clarkson should be Prime Minister. What we failed to acknowledge is that people take the piss when they're not being taken seriously. What harm would a debate about Jeremy Clarkson really do, in comparison to the harm of telling people that politicians think they are more right than the voters?

We need to take public consultation much more seriously. For the last year, Demos has been pioneering the use of a new online tool for public participation in policy called Pol.is, including in a series of collective intelligence experiments with the Cabinet Office.

Originally developed in the US, but first deployed in Taiwan, Pol.is enables us to take a new approach to building consensus that should be a basic component of public consultation. Pol.is is an interactive survey format which allows respondents to do more than just answer the questions: they can also submit questions for others to answer. It therefore enables us to crowdsource ideas from the public - and simultaneously test public reactions to those ideas.

Pol.is separates respondents to the survey into groups, according to the answers they give - let's call them Group A and Group B. This initially has a polarising effect: it creates groups that are effectively as divergent as possible. Crucially, however, it also empowers us to identify what - if any - statements or opinions bridge that divide. If Group A and Group B are representations of divided tribes, then those statements on which they agree are bridges of empathy between them. A policy agenda built on those bridges of empathy has the best chance of bringing together a divided population, and identifying a policy that can stand the test of time.

C. Collaborative voting

Demos is currently developing a tool that will be useful in many forms of community decision making. It's called Combined Choice: a simple yet radical tool to create a new kind of voting system. Normally, when you go into the voting booth, the ballot paper is already printed. You have to choose from the options before you. That's entirely reasonable when it comes to choosing an elected representative.

But around the world, we see that referendums on specific decisions can often go wrong. They go wrong when the proposition on the ballot paper is poorly expressed, and even those campaigning for it cannot agree on what it means: that is, after all, why we spent four and a half years arguing about what Brexit meant. But referendums also go wrong in places where they are extremely common. New propositions are put before the people that make sense individually but add up to the impossible: the state of California struggles to balance its budget because it is locked up in so many incompatible referendum-required tax cuts and budget allocations.

Combined Choice is designed as an alternative to referendums because it tackles both of these problems. It gives the voter themself the right of initiative - the opportunity to put forward their own proposals. And it requires people to put forward "whole system" solutions rather than individual demands that may command support separately, but don't make sense together.

We believe this could be a vital tool for community decision-making, whether on budgets, on place-shaping, or service design. We're piloting it with a community group in York called YoCo and will be reporting on the outcomes soon.

Active citizenship skills

Democratic institutions are often complex and elitist, with too many closed meetings and too much information hidden away from the public. But people can also be kept out of community and political decision-making by a shortage of time, money, confidence, digital skills and more. The rise of online campaigning, polarisation and information warfare has only made it harder for people to navigate our democracy and get involved.

Democratic campaigners tend to focus on the supply side of renewal: institutional and organisational reform. I want us to start to measure, and support, the demand side of democracy, too. It's not enough to say people have better things to do: democracy is hard work, and when we decide to outsource that work to representatives alone, it creates social harm. We have to support people to be able to take it on.

Nevertheless, it's clear that the skills we need to be successfully plugged in as citizens are changing. Digital literacy and the ability to untangle webs of misinformation now sit alongside the democratic basics like how to register to vote, and knowledge of rights like the right to protest or Freedom of Information. And more change is on the horizon: movements for deliberative and participatory democracy are growing in force and momentum, creating new opportunities for citizens but also demanding more in terms of capabilities and time.

To improve the health of our democracy, we need to understand it better. The citizen skill set is about so much more than remembering to vote: it's about mindset, confidence, ability to navigate information, trust, willingness to participate and more. If we want to enable people to be citizens in a democracy, instead of just angry consumers of it, we need to map that skill set and commit to improving it over time.

THE CIVIC NATION

A helicopter flies low over the landmarks of London until it comes to hover over a teeming stadium in the east of the City, packed with cheering and hopeful fans. James Bond peers from the window. A figure in a pink brocade dress and low-heeled court shoes, clutching a handbag, moves past him and leaps from the plane. A Union Jack parachute opens behind her. It is Her Majesty Queen Elizabeth II, descending from the heights into the opening ceremony of the 2012 Olympics.

Of course, it wasn't literally the Queen. A more experienced parachutist probably stood in for her in the stunt scene. And yet the simple idea of a parachuting monarch; the willingness of the holder of this anachronistic office to allow fun to be poked at her rather than hiding behind ancient dignities; the pairing with the equally puzzling national icon James Bond: all these things made me love her more, and feel more proud to be part of a country that had her at the top of it, in her odd, powerless and ceremonial role.

The whole opening ceremony of London 2012 was designed to inspire pride in Britain. Our national health service. Our 'green and pleasant land.' Our industrial, cultural, and literary heritage. I even managed a tiny tingle of pride for Mr Bean, though I can assure you the problem has

never recurred. And the chair of the organising committee, Sebastian - now Lord - Coe, summed up the intended audience response: "I have never felt so proud to be British."

These feelings are extraordinary in their illogicality. I did not invent any machinery during the industrial revolution, found or even work in the NHS. I've read lots of British literature but written none. The only field in which I could win a sporting medal is in the consumption of chocolate replica medals. I have done nothing to merit the pride I feel at the achievements of others who happen to have the same kind of passport I do. And yet, for all of its illogicality, a sense of national pride is one of the foundation stones of a demos: it's a binding narrative that helps us feel a common purpose with fellow citizens who - just as logically - have nothing in common with us, and no call on our generosity.

Most of the population is fond of our country, proud of our armed forces, pleased to see the flag flown, and inclusive in their definition of what it means to be British. Pride in Britain does not have to mean acceptance of a jingoistic narrative in which the nation has no faults, and our history has no shameful episodes. It can be pride in the Levellers and the Suffragettes; pride in the abolitionists who campaigned against the slave trade; pride in the founders of the welfare state and the NHS. And pride can be utterly compatible with ambition and determination to right the wrongs made by previous generations, or even our own. Reform is best driven by a vision of what Britain could and should be, which inevitably becomes a patriotic narrative of its own.

In this section I want to set out how we might build an inclusive and compelling national story that can rise above and, to a certain extent, referee culture war politics. I started with the Olympics because I think we got closest to it, then, but only in artistic endeavour. What should the state look like if it is to develop and propagate that story?

The sense of belonging cannot be confined exclusively to the nation, however, not least because we are a family of nations on the British Isles. So I will also look at how we might rebuild that sense of civic identity and belonging at different levels of governance.

Civic not ethnic

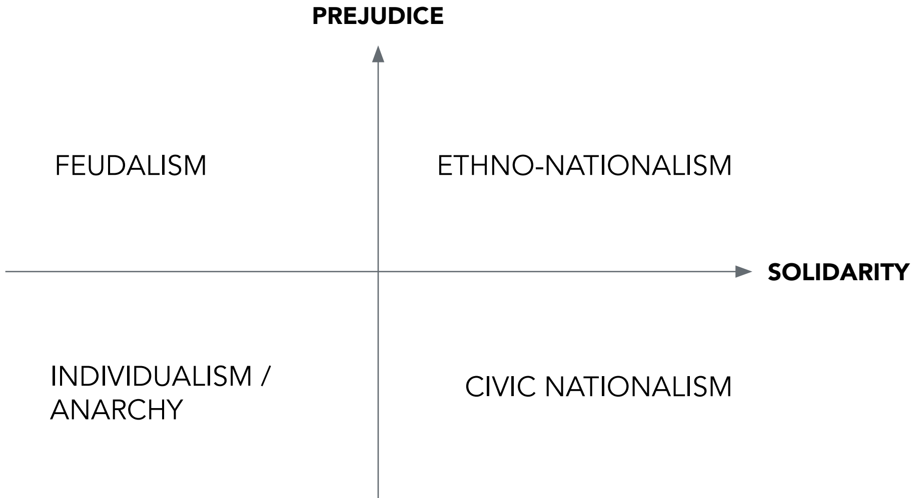
We often use the two words nation and state together because they represent two sides of the same coin. The nation is the identity - the demos. The state is the government. Where a government maps well onto a shared identity, it has legitimacy. Where it does not, you get secession movements: within the United Kingdom we have a number, in the established nations of Scotland, Wales, and Northern Ireland, but also, less developed, in Cornwall, Yorkshire, and even London.

None of that means that our existing, particular set of nations or borders has any particular merit. The United States, China and Russia demonstrate that it is perfectly possible to build a national identity from a much larger population across a large demographic area. The existence of Basque or Cornish nationalism shows it is possible to retain a sense of nationhood without a state, and among only a relatively small group of people.

But what comes first? The sense of nationhood or the boundaries of the state? It's a chicken and egg puzzle and the answer is the same as always: they evolve together. A sense of shared identity boosts the efficacy and legitimacy of the state; the state can build nationhood: whether through the building of shared institutions and norms, patriotic ritual and display, or by controlling information or, too often, by starting wars.

How can we build a national identity that doesn't trample on diverse identities or suppress individuals' freedom, and yet still binds us in common endeavour? One of the reasons diverse communities can be sceptical about nationalism is because it has, so often, been predicated on prejudice. The easiest way to build a group identity is in opposition to an outside force, whether that's a foreign enemy or "outsiders" at home. The challenge for us now is to do something different: nation building that is not dependent on enemies and prejudice.

Plot feelings of solidarity towards the members of our group, and our feelings of prejudice against outsiders, and you get a graph like this:



Our job is to stay in the bottom right quadrant: building a shared identity, but one that's open to all. Britain is a large country, with huge geographic, religious, and ethnic diversity. Any national identity must be predicated, first and foremost, on a civic rather than an ethnic basis. Self-determination is over, if self-determination means being governed only by people who are like you. We need to actively compete against ethnic nationalism of all kinds with a strong argument about what it means to be British, and to participate in British life.

Efforts to do this are often laughed out of court by liberals and cynics. Gordon Brown tried; David Cameron tried by including Fundamental British Values in the national curriculum, right down to the early years. These initiatives fall down for two reasons.

First, their critics are often right that they are dog whistle attempts to tell migrant communities to be more like 'us'. Fundamental British Values ended up linked with efforts to sniff out terrorism through the Prevent programme: essentially as a counter to a perceived risk of anti-

democratic education by Islamic schools and community organisations. This is misguided. Integration is for both sides to work on: it is for both sides to move together, to build identity. Britain is changed by migration, and we should not resist that.

Second, these attempts are at best half-baked. It's a small initiative, one speech, or a cabinet sub-committee that meets twice. Recent initiatives by the government to label everything with the British flag are not bad because the flag is somehow offensive (it is not): they are bad because they do nothing to build relationships or identity around that flag. It's a virtue signal of the cheapest kind, when what we need is a period of serious, considered nation-building.

Nations are the only membership organisations that seem to make no effort to build relationships and loyalty with their members. Even the smallest community organisations think about engagement and participation: in politics we always called it a "ladder of engagement", as you tried to slowly convince someone who'd signed a petition you organised to join your mailing list, then make a small donation, then maybe deliver leaflets or join the party. Nations have the force of law behind them to make us do what we're told, so they don't bother. But this like-it-or-lump-it approach to relationships between citizens and the state is not enough, in a world with endless and eternal competition for the claims of identity and loyalty. Instead of instructing people to feel British, we should ask the question: what might make them want to?

Service nation

At the heart of renewed, civic nationalism must be a shared set of rights and shared responsibilities. The contributions we make to the life of the nation matter in the storytelling of our lives about the legitimacy of the support we get from one another. "I've paid my dues," "I've paid my stamps," "I pay my taxes": people endlessly use these kinds of statements to explain why people should be entitled to particular forms of support from the state. These transactional statements are a middle ground: we should welcome the fact that they are far from a narrative about entitlement linked to birthright which can be prevalent in some other countries. However there are two problems:

- The first is that they can be used as othering strategies for anyone who has not or cannot contribute financially. This is partly a temporal issue: we charge migrant workers extra to use our NHS even though they are here, while they are here, paying our taxes. We have tolerated a narrative about "have paid" being more important than "are paying", which I think has developed in association with the ongoing mythology about our National Insurance system which builds up pension entitlements over time. But focusing on tax-paying is an issue for anyone too unwell to work, anyone with caring responsibilities that prevent them from working, anyone earning too little to pay tax: it makes it too easy to complain that these groups are getting something for nothing - the benefits of state services without contributing.
- The second problem is that the taxpaying narrative of contribution is entirely financial. This is not surprising, given that cash is almost all the state asks of us as citizens: that and a jury service obligation that may come around once in a lifetime.

There is a relatively simple way to resolve this problem, and build a new narrative about the responsibilities of citizenship, or civic life: the state needs to ask us for our time, not just our money. We should build service obligations into our public service entitlements, tax and benefit system, and they must be for everyone. We already have a series of non-financial requirements on people we class as outsiders, like the citizenship test for new migrants and close supervision of people claiming unemployment benefits, and these have an important role to play. But we need to build up non-financial contributions from everyone if we are to build a shared narrative of shared entitlements.

In the past, young men were required to participate in National Service in the military for two years; some other countries still have similar obligations. It is no longer necessary or appropriate to focus on military service as the core obligation of citizenship. Instead we should be focusing on wider social action, peer-to-peer contributions to public services, and democratic contributions like the ones I outlined above: people should expect to be regularly called to sit on a citizen's jury or community forum for local planning or budget decisions.

Service should be the new way of earning your "stamps", as a participant in the life of the nation. Volunteering, teaching after school

clubs, participating in expert patient groups to support people with health conditions, mentoring young people, helping job seekers or new migrants with skills: there should be countless opportunities to qualify. But without those stamps, entitlements like your personal tax allowance or funding for training or university should be removed. We should aim for any sanction to be rare, with exemptions of course for those unable to participate due to disability or ill health: the goal is to identify a contribution that everyone, no matter their resources, can make. No one should be able to accuse any other member of our society of not being deserving.

We need a new story about what it means to be British, and this is the one we should choose: we help each other, across boundaries of class, race and religion. The state belongs to us, and we are all a part of it, not just as taxpayers but as citizens. The introduction of service obligations for UK citizens has the potential to tackle some of our most pressing social problems: they help to create collaborative and relational public services in health and social care, build more integrated communities, and enable people to develop capabilities, skills and a robust concern for civic activism and helping others in society.

Some will argue that it is illiberal to require people to do things; some with a libertarian bent might argue that requiring people to do unpaid work is a form of slavery. We somehow baulk at asking people to give time, but the idea that everyone should pay their taxes is commonplace. We need to challenge that assumption: I would argue that it is more liberal to require people to give time than it is to give money, when so many have so little money to spare. The fundamental principle is the same: we share a society, and our individual freedom is predicated on the success of that society. Without a renewed sense of civic responsibility, and intra-national relationships, our freedom risks being jeopardised. We are part of the problem: we have to be part of the solution.

Future of the welfare state

The welfare state is an expression of solidarity between individuals in a society. It is far more than a zero-sum game where money taken from one citizen is given to another, of course. By enabling us to work together to pool risk, it enables us to take greater risks both as

individuals and in the economy as a whole. It enables support to be given to those who lose their job or experience poor health, so that they make it back into the labour market and contribute once again as taxpayers. It enables financial support to be given to children, improving their outcomes and the economy of the future. It enables people to maintain a good standard of living, and continue to contribute to the economy, in their later years.

And yet, welfare systems only work where the people paying for them, at any particular moment, feel it is fair and just to be paying out to others in need. It requires continual effort to build the relationships that support that feeling of solidarity, especially in increasingly diverse communities. We need to establish and maintain a process of consent building both for the system of social support as a whole, and for individual entitlements within that system. With increasing age, increasing need, and increasing risk for individuals we are asking more and more of taxpayers. If we are to sustain that - which the evidence suggests is the best outcome for everyone - it needs to be on the basis of proactively building shared identities and mutual compassion. You cannot impose solidarity upon free citizens in a liberal democracy. We need to work for it.

Our welfare state is currently too expensive to command public trust, and too restrictive to alleviate all but the direst need. It needs reform, but those reforms should not be decided by experts but by the people who will be expected to pay for it, and the people who will depend on it. Only then can we expect citizens to feel the sense of mutual ownership that builds legitimacy and a willingness for reform.

Integrating public services

In the previous section, on everyday democracy, I've set out how to systematically involve people in decision-making about public services. This will help build greater levels of community and relationships between citizens of all kinds. We need to make sure those services are inclusive.

Public services are a vital meeting point between people of different backgrounds, and are an essential component for the rebuilding of inclusive experience. A chance encounter in a GP waiting room does

not build common identity, but shared participation in a peer-led patient group of experts by experience, or in priority setting discussions about community health services, can. However, we have too much segregation in our public services, and it is vital that this ends. We need to raise the bar to justify segregation much higher.

This is difficult. There are good arguments for the self-organising especially of minority communities who might otherwise find their interests and needs lost in a bigger system. For generations, Britain has permitted faith-based education for communities of faith to bring up their children in line with their own religious rules. However, I have become convinced that we can no longer carry the social cost of segregated education: it is a missed opportunity for building common experience, and common interest between our diverse peoples - not just the children, but the parents, too.

Schools are our best assets in the effort to build a more connected society. In too many communities poor children go to one school and middle class kids another. Addressing this requires radical reform of admissions procedure; for example much wider use of lottery schemes as utilised in Brighton. Faith of all kinds deserves a vital, special place in our diverse society. But it cannot be allowed to segregate our children and their parents. It's time to end faith-based admissions for state schools, and balance this with a programme of state-funded after-school and holiday clubs for faith communities. The main curriculum should be taught in integrated schools and faith communities supported to provide faith-based education elsewhere.

We should give all our public services a new mandate - to be at the heart of community building and integration, shaping a shared British experience where all are valued and empowered, and where relationships are forged and strengthened between individuals and communities. I've already mentioned the Community Paradigm as a model for democratic empowerment to deliver service improvements. But the Community Paradigm is also a shot in the arm for the relationships that, collectively, add up to social capital.

A relationships mandate for our public services would have profound implications. It would mean job centres working to forge networks of current and former job seekers, skills volunteers, and employers. Job Clubs would become a formal entitlement, so those who lose work don't

lose social connection just as they lose their income. Job seekers would be permitted, and even encouraged, to bring their family or supportive friends to group sessions with their work coach, to help map out a way to leverage their network to find work, meet caring obligations, or overcome obstacles to success.

A relationships mandate would mean health services actively establishing and encouraging peer to peer patient networks, in collaboration with the voluntary sector. It would mean hospitals building communities of their patients and supporters. It would mean schools actively supporting parent-to-parent networking and mutual support. It would mean opening school facilities for community activities. It would mean multi-generational living, community facilities and better street design to let children play safely with their neighbours.

Public services and the welfare state too often treat people as atomised individuals, without recognising that most people are part of families and communities - and strengthening those relationships usually leads to better outcomes for all. This isn't illiberal: liberals believe in an individual's right to self-actualisation, but also acknowledges that for most people, our pathway to self-actualisation is through forming relationships with other people. The more we shift our public services to engage with people as they really are - hubs of complex networks of friends and family - the more those services will be able to help people.

Pride of Place

For some people, the leap to full identification with a national identity can be difficult, especially when that nation has a complex history. We need to build solidarity at the sub-national level, too, building up connection, pride, and layers of identity that can contribute to the rebuilding of an effective, legitimate state.

Levelling up left-behind places - especially towns - is now core to the government's agenda. But the experience in those left-behind places hasn't just been about economic decline, it's been about the loss of civic pride and identity, too. Efforts to level up should look beyond just economic activity and think about the mechanisms of pride and shared identity, too - especially in areas where demographic change is happening.

From pubs to physical retail, from cinemas to public space: technology is disrupting old economic models by offering an alternative that requires no travel. In many parts of the country, the critical mass is no longer there to sustain successful town centres, pubs or cultural and community spaces. This comes on top of the steady retreat of the state from civic spaces outside of cities - the regionalisation of police stations and tax offices; the closure of magistrates' courts and small hospitals - all of which have conspired to make it feel like these left behind places no longer matter.

It is time to reimagine our tax, planning, and public service frameworks to focus on the value of shared spaces - whether privately, publicly or community-owned - where people can build common experiences and maintain the vital, vibrant human interactions that are so essential to our wellbeing and to developing the relationships between people of different groups and identities.

At the top of the agenda for geographic change should be improved access to green space, in particular for those communities who have the least. Parks, playgrounds, community gardens and public squares are pivotal to the quality of life in Britain today. These kinds of shared amenity space are places of common experience for communities, and getting them right is an important part of rebuilding a national 'demos', or collective sense of identity and purpose. As Demos pamphlet "The Freedom of the City" argued in 1996:

> *"The best parks in Britain … can accommodate almost everybody from early morning joggers and dog-walkers, to football, tennis and bowls players, children seeking playground equipment, school games classes, people wanting peace and quiet in which to be on their own, elderly people out for an afternoon stroll, courting couples, teenagers socialising after school, family picnics in the summer, as well as formally organised events such as dog shows, circuses, pop festivals and political demonstrations"*

Shared, public and green spaces can improve wellbeing, health and community cohesion. Reclaiming land and streetspace for community-run parks, in particular, could help build social capital and community connection, and most importantly, civic pride.

Citizen capitalism

During the 2016 Presidential election debate, Hillary Clinton mocked her opponent Donald Trump for always complaining that, when he lost, it was because the system was rigged against him. The clip went viral on the left, as if it were a slam dunk attack. What a joker Trump is, everyone thought, never willing to notice that he fails because he's awful. What a paranoid narcissist, blaming the system instead of himself.

The clip was the first time I really worried about Trump winning. To me it seemed like an extraordinary bridge of empathy between Trump and millions of pissed off, disenfranchised people who absolutely believed that the system was rigged against them. In fact, it's the explicit narrative that many on the left use to build support for systemic reforms like anti-racism, feminism, or anti-capitalism. Poor people, women, black people: they are shut out of opportunity because the system is rigged against them. Trump's emotional story may not have resonated with them, but it resonated with his supporters for exactly the same reason the left's narratives work with theirs.

It is easy to argue that Trump was not, in fact, held back by unfair rules, but by the normal systems of justice and law making. It is as easy to argue that millions of people who voted for him were not held back by the system, either. For every unemployed blue collar worker with a family to feed who voted for Trump, there were plenty of successful, well-heeled voters who had little to complain about.

I don't think it matters. Across the political spectrum there are people who feel the economy doesn't work for them, either because of their race, their class, their place, or their education. Shouting at them, or sending them graphs to prove they're better off than many others doesn't persuade them that they are wrong. Declaring that "facts don't care about your feelings" will not persuade people that the economy is delivering for them.

This is, I believe, the final condition for a cohesive society: a sense of economic justice. After all, how can anyone invest in the system if the system doesn't seem to care about them?

Here I'm going to set out a number of ideas under the banner of Citizen Capitalism, that would together give people more of a stake, more

power, more agency, and more control over their relationship with the economy. Together these will both improve the measurable economic outcomes for groups that have been left behind, and address the feelings of resentment and disengagement that worsen the political impacts.

I am not just focused here on people's experiences as workers. Less than half the population is working at any one time. Instead I want to look at people's full experiences as economic citizens: in the consumer and investor markets as well as the labour market.

Workers

In a secular society, work plays a vital role in giving us meaning and identity. Academics have shown that employment provides social identity and status, improving self-esteem and contributing to an individual's wellbeing.[1] At a time when Britain is still too divided, work - something which is viewed positively across society - knits us together in a common endeavour. As Sigmund Freud put it, work offers "a secure place in a portion of human reality, in the human community".[2] In particular, work plays a vital role in generating social connection across a range of dimensions:

> *"In fact, work provides a whole network of connections between the individual and society: the formal connections of law and contract; the personal and collaborative connections with those one interacts with at work; the associative and communal connections that are often generated by work; the material and reputational connections which define rank and status; and the connections which define work–life balances and imbalances."*[3]

This is perhaps one of the reasons why a majority say they would enjoy having a job even if they didn't need the money - and this proportion

1 Dodu N. 2005. Is employment good for wellbeing? A literature review. *Journal of Occupational Psychology, Employment and Disability* 7: 17-33.
2 Freud, S. 1930. *Civilization and its discontents*, translated and edited by J. Strachey (New York, NY, W.W. Norton).
3 Global Commission on the Future of Work. Issue Brief Cluster 1: The role of work for individuals and society. International Labour Organization, 2018, p. 1. Available at www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_618163.pdf [accessed 30/11/2021]

has increased over time. Indeed, twice as many people strongly agree in 2015 compared to 1989 that they would enjoy having employment even if their financial circumstances did not require it. And differences in attitudes are relatively small across the income distribution, with graduates and those in professional occupations only slightly more likely to say they would work even if they didn't need the income. However, those in routine or semi-routine occupations are more likely to agree that a job is just about the money than those in professional occupations.[4]

It is vital that we make work work for everyone.

Identity workplaces

I spent much of my childhood in Wales, and it was standard every year for the school children to visit Big Pit, a former deep coal mine in Monmouthshire that had been converted to a visitor attraction. We got to travel in the lift down the coal shaft, have a look at some of the deep tunnels, and learn about life as a miner. There were pictures everywhere of teams of men covered in coal dust, and looking generally knackered. Perhaps it was only the sensibilities of a twelve year old girl but there was nothing about the coal mining life that appealed to me. Dirt, long days, heavy lifting, no daylight, physical exhaustion and the endless risk of injury. I filed the idea of mining in the same mental space as stories they told us of children losing their fingers in Victorian weaving mills: gone and best forgotten.

What I failed to understand was how much nostalgia there was then, and still is today, in coal mining communities, for pit life. Communities that now feel angry about jobs in warehouses and call centres are nostalgic for a way of life that was far more brutal and dangerous. It's vital to understand why.

It's partly about pay, of course. For many, a single wage from the pit was enough to support a family. We'll look at pay, the cost of housing and the benefits system in a moment. But it's also about a sense of identity and a relationship with the employer that is nowhere near as difficult to recreate as a return to heavy manufacturing. The value that comes from

4 Mackay, S. and Simpson, I. British Social Attitudes 33: Work. NatCen Social Research, 2016. Available at www.bsa.natcen.ac.uk/media/39061/bsa33_work.pdf [accessed 30/11/2021]

worker self-organisation is far greater than simply power in negotiations with employers. Working men's clubs offered a community, too, and a sense of belonging. In focus groups for Demos, we've heard people reminisce about the days when surplus coal would be dumped at the end of the street for the workers and their families. The employer, the jobs and the community were connected, for better or worse.

Warehouse operators, by contrast, often bus workers into the warehouse from relatively distant homes. They are criticised for the physical challenges associated with warehouse work, but the risks are nothing in comparison to the risks faced down a mine. The physical aspect of the work can be an asset, so long as it's associated with pride, and honour.

The question for 21st century employers who don't want to be hated is how we recreate the sense of pride, community and identity around the workplaces of today. That doesn't mean a show and tell by a few paid influencers on social media about how they love their job. It's about a relationship with a place that goes beyond demanding a tax cut for putting your warehouse there. What are the nurseries you will found for your employees? What are the clubs and community teams you'll support? How will you help a town to feel that you are part of their identity? How will you help your people to organise and find purpose, meaning and status in the work they do for you? Even simple things like letting your teams take breaks at the same time, so they can chat, make a difference.

All these things, at face value, look like costs for employers. But if employers build long term relationships between workers and their employer, they can reduce recruitment and training costs and reduce community resentment.

Employment models

Most people who work are employees, and these days people actually tend to stay longer in one job than people did in the past. A lot of hysteria is whipped up about the collapse of employment models, as if everyone has been turfed out of a long term, well-paid job with a pension and been put on a zero-hours minimum wage contract. That just isn't true.

Nevertheless, there is a steady rise in the number of people who are self-employed, agency workers, contractors or working in the gig economy. Defined benefit pensions, which guarantee a particular income in retirement, have almost died out completely. UK employees are expected to bear far more of the risk of ill health than their counterparts in Europe, with extremely low sick pay rates.

It's important to recognise that many self-employed people, and many on zero hours or flexible hours contracts, have chosen to work in this way because it suits them. It gives them more control and agency over the way they work. The challenge is to make sure that as many people as possible have this level of control over their working lives.

We should expand flexible working, taking advantage of the lessons learned during the Covid-19 pandemic about the potential for people to contribute better if they control where, and what hours, they work. The Civil Service and public sector could lead the way on using remote working to support the levelling up agenda, with a drive to increase remote working opportunities in areas where there are a lack of labour market opportunities.

We need to increase the minimum wage for people who are taking on the additional risks of being workers, instead of employees, and establish a minimum wage for people who are technically self-employed but find work via agencies or gig economy platforms.

Older workers

Some of the biggest divisions in our society are now between old and young. While we've seen extraordinary intergenerational solidarity during the pandemic, there is political tension between the generations, in particular in relation to assets and social values.

The political tactic of buying off older voters has become unsustainable: it is impossibly expensive as the population ages, and for the first time, politically toxic among the under-40s. Instead we need to work to find policies that unite the interests of young and old. But it is no surprise that younger people often resent older generations when most political discourse is about how expensive it is going to be to support the boomers in their retirement.

There is an opportunity here for us to reset the narrative about retirement, and recalibrate the conversation about work. Those who choose to continue working past conventional retirement age usually do so because they value the independence and the purpose work gives them, and they are able to adapt their working lives to their changing physical capabilities. Those who oppose increases in the retirement age accuse governments of asking us to "work until we drop". But if work didn't make so many of us "drop" with exhaustion at the end of the week, let alone at the end of our lives, perhaps more people would keep working for longer, reducing the intergenerational burden.

With new approaches to building the quality and flexibility of jobs, encouraging more people to work part-time throughout, or for protracted parts of, their working lives, we could move away from the concept of retirement altogether. With flexibility the norm in our working patterns, it would be far easier for people in their 60s and 70s to take a decade or two to slowly reduce their working hours and move towards retirement. Pensions, too, could be more adaptable, with stronger incentives to keep working as part of your post-60 package of income.

Technology is often seen as a barrier to labour market participation by the older generations. But it also offers enormous opportunities. Remote working makes it easier for those who are not able to commute long distances to stay connected. Adaptive software and hardware make it easier for those with hearing or visual impairments to participate.

This is not an attempt to devalue the ways in which people who do not work, at any age, contribute to society. It is a proposal to try to spread our working lives a little more thinly across our lives; if we work less in our thirties and forties, and a little more in our seventies, we may find the generational story about who is paying for whose lifestyle starts to break down.

Employment support

The economic shock of the financial crisis of 2007/8 was huge, but across much of Europe the recovery was at least jobs rich. Productivity and wages stagnated in far too many places, but the personal and national costs of unemployment remained surprisingly low. But the fast-changing landscape of our labour market means we cannot assume this will remain the case. Technology, and the shift to a lower carbon

economy, over the next 30 years could radically reshape the world of work, could mean some places' industries are lost, and even that less work is available overall in the economy.

This has the potential to be profoundly disempowering for millions of people. We've got used to low unemployment, in which the vast majority of people out of work for long periods of time are in that situation because of complicating factors like health conditions, caring responsibilities, or very low skills. We may be facing a future with large-scale unemployment, where there's almost nothing many people can do to find decent work.

This means we need to rethink the support the state provides to help people find work, train for work, and get on in life.

Into work: We need to adapt public employment services to actually be employment services rather than just benefit agencies. Responsibility for job seekers should be transferred to the business department, which has responsibility for jobs, skills and training: DWP can tell people to get a job, and make life difficult for them if they don't, but it can do little to actually help them. Instead, the business department should be responsible for helping to create work for all the people who need it.

Progression: Dead end jobs are deeply disempowering. Under Universal Credit, the state saves about 65p for every extra pound someone earns themselves, so there ought to be a major incentive for the state to support people to get on in life. We've never been able to make it work. Instead, if you turn up tomorrow at the JobCentre and ask for help getting a promotion, a pay rise, or a better job, they will literally turn you away. This is all very well for the kind of people who work in policy circles, who know how to ask for these things. But the poorer you are, statistically, the worse your social network in terms of sourcing that advice. It's vital that you have somewhere to turn to: we need to build progression advice into the offer of employment support.

Skills and education: Skills and education will be a vital part of renewed stakeholder capitalism. Too often, debates about the future of skills are focused on schools and children; instead we need to build up the idea of learning as a lifelong right. The state will need to adapt to help more people to smooth the costs of potentially lengthy periods of training and development. Digital skills investment should be a top priority for

people at every stage of life. Increasingly, digital inclusion will be an essential component of being able to participate in civic and economic life. We cannot afford to leave anyone behind.

Consumers

Growing personalisation in the economy offers real benefits to consumers. However, there are growing tensions and difficulties about the impacts of algorithmic decision making, especially in pricing or eligibility; peer to peer consumer activities, even when facilitated by a platform, can be harder to regulate; the digital divide is getting more and more expensive for those outside the digital economy; consumer rights remain complex and hard to enforce; and all of this adds up to consumer experiences that can feel alienating and disempowering.

Personalising personalisation

We often tell ourselves that personalisation and innovation always benefit consumers but they don't. Before I ran Demos, I ran a charity that worked to break the link between financial difficulties and mental health problems. We worked really closely with consumers to identify what kinds of products and services would help them improve their money management. They identified all sorts of ideas: some consumers told us they'd like to put a cap on how much they could spend online, or in a single day; they wanted a voluntary lower limit for contactless transactions; they wanted a friend or family member to be notified if they spent too much or missed bill payments; they wanted a second bank card for a carer, but with a lower spending limit; they wanted to be able to freeze their credit so they couldn't take out a big loan in a mental health crisis.

None of these were available. Of course, no-one can expect every product or service they want to be built in a marketplace, but these were potentially large customer segments arguing for products that would transform their financial health.

Meanwhile, in the world of financial technology, everyone was focused on reducing friction in transactions - making it quicker and easier to spend money, even disintermediating some financial institutions so payments could get through the system almost instantaneously. The fact

that some consumers wanted more friction - more restrictions, to protect them from scams or their own overspending - was against the trend. The retailers and the financial services companies were focused on innovating to improve their margins, not improve financial wellbeing.

Something similar is going on in social media, where our advertising feeds are now personalised. But they are personalised not to our conscious specifications. They are personalised to what an advertising company wants to know about us. Often, personalised advertising is enormously useful at helping connect a consumer with a product or service they wouldn't have known about. But what if I want to personalise my adverts to help me quit gambling? Can I block gambling adverts? No. Can I tell Facebook or Twitter I'm on a diet and don't want to see any food adverts? No. Can I tell them I've got insomnia, and I can be pretty depressed if I'm awake at night, so can they block adverts between midnight and six? No.

Social media companies' clients are people who buy advertising, so unsurprisingly, their primary investments go into building personalisations that work for the advertisers. Millions are going into tracking that will stop you seeing an advert for a tap once you've bought it. But it will be years before anyone builds a really effective way of blocking gambling ads for addicts. Consumer needs are at the back of the queue.

Unless we're going to force social media to charge consumers, the only way to deal with this is through regulation: requiring companies to give priority to consumer requests for personalisation capability. Instead of the system guessing what your personalised needs are, it should allow you to control how things are personalised.

Poverty premium

Poor people often pay more for consumer services - especially financial services - than rich people do, and this doesn't just cost them money. It generates a sense of economic injustice that we need to address. Poorer people are constantly aware of this poverty penalty: they may have to travel on public transport to shops and be unable to take advantage of bulk buys; they may be digitally excluded and unable to get online discounts; they may be priced out of insurance because they live in high

cost areas. Many markets cross-subsidise the most active consumers, who can be encouraged to switch, with profits from the vulnerable, who usually don't. The danger is that in the future algorithmic pricing systems, powered by big data, may make this worse for some people.

Utilities are regulated differently from other consumer products and services because we recognise that they are essential components of a decent standard of living. Water cannot be cut off, no matter your arrears. Vulnerable consumers cannot have their heating or electricity cut off, either. Special discounts and subsidies are used to try to reduce the price of these essentials for those who need them. There is also the concept of a Universal Service Obligation: every home has the right to a postal delivery, a phone connection and, with limits including on the cost, a "decent" broadband connection.

These regulatory systems help to keep people included in the essentials of the consumer economy. But they do not go far enough. The basic infrastructure of the economy has to be available on visibly fair terms to all.

Digital and financial inclusion are essential components of a decent standard of living today, so we should extend the Universal Service Obligation to bank accounts, digital hardware and broadband and consult on further options. This will be designed as an explicit subsidy from richer consumers to the poorest, facilitated by private companies: the exact reverse of the way so many markets work at the moment.

Housing

Housing policy was my first love. I started as a purist liberal, determined to break up the planning system and let demand be met by supply, so we could stop prices from rising. My spirit was broken by nimbys and by housebuilders happy to explicitly hold the government to ransom for subsidies. I've stopped caring very much about whether we choose the right housing system and started simply praying for us to come to an agreement about a coherent one.

The political failures of housing policy are worth an entire book of their own, probably in several volumes. But rather than complaining about them, I want to think about the signal politicians are responding to when they come up with their endless new ways to inflate prices by

subsidising buyers. It's that everyone wants a decent home at a price they can afford. In Maslow's hierarchy of needs, shelter is right there at the bottom, with the basics and essentials. Our housing system is one in which an increasing number of people experience profound alienation and injustice: tenants who have unresponsive landlords who fail to deal with repairs; aspiring social tenants who see other people get assigned a new home before them; social tenants who see others get a Right to Buy windfall they can't get themselves; aspiring homeowners who see a previous generation get away with huge untaxed gains while they struggle to buy somewhere of their own; stretched homeowners who know their parents could have bought the same place at less than half the price.

These injustices create fundamental social tensions that will have profound implications if we do not find a way to resolve them.

When economist Kate Barker wrote a report for the Brown government on the housing market she concluded that we had a choice: find a way to slow house price inflation, or accept that we have to pay substantially more to subsidise poor people into decent homes through housing benefit or social housebuilding. Instead, we allowed house price inflation to continue and cut the investment in housing benefit and social housebuilding. The housing crisis is only getting worse.

My preference would be to set a clear goal to stop house prices from rising for about the next 30 years. We should do whatever it takes to keep them static in cash terms (which will obviously include building and land reform but probably requires us to insulate the housing market from the vagaries of international finance, too. A clear government mission would help change the investor landscape and help smooth the way for land reform, by changing the incentives for land owners and builders alike.

But, as I've set out, the post-heroic model accepts that my personal preference is less important than finding a coherent consensus across the generations. How do we find an exit path from our addiction to high house prices that doesn't destroy housebuilding or decimate retirement plans? We need to hold a national deliberation, across the nation and between the parties, to agree how to resolve this impossible dilemma.

There will never be a widespread sense of true economic justice until everyone has access to decent housing at a price they can afford.

Investors

Workers' share of income has significantly declined across the developed world since the 1980s, while returns to capital have increased. There's a strong case for efforts to redress that balance, but it won't be easy. We also need to increase the number of workers and citizens more broadly getting access to that return on capital, and ideally as active decision-makers, not just passive shareholders in a pension fund they think about once a year. I want people to experience the sense of agency that comes from participating in the economy as part-owner of companies and investments. While the state does much to boost the incomes of those out of work or in receipt of other benefits, it does relatively little to boost the public's assets or increase their agency and control over those they do have: that needs to change.

Employee share ownership

Demos has been championing the expansion of employee share ownership for decades, as the case for it has got stronger and stronger. As Charlie Leadbetter argued at the end of the last century, in "A Piece of the Action", the traditional case for employee ownership was always that it could act as an antidote for the divisive, low-trust, 'them and us' culture of industrial capitalism: it helps align the interests of workers, shareholders and managers to create the basis for a more cooperative, productive and flexible company. Reviews of studies into the effects of employee ownership on corporate performance shows that corporate performance can be transformed when employee ownership is combined with an open, participatory management style.

But as the economy evolves, employee ownership models become ever more important. In an increasing proportion of businesses knowledge, creativity and ideas are the most powerful and distinctive assets. Knowledge belongs to people, who cannot be owned, and therefore companies often will not own their most important assets. The most effective bridge between ownership of a company's financial assets and its real knowledge assets will be through employee ownership.

This also transforms the experience of the worker, from that of a subordinate to that of a co-owner and - if they move on from the company - an investor in their own economic past.

Equity pay schemes, in which a significant proportion of total compensation is in the form of shares, share options or share purchase rights, should become more popular, especially among young, skilled knowledge workers. This will help to promote entrepreneurial, stakeholding companies which are built on a set of relationships between the company, its employees, suppliers and partners. A substantial increase in employee ownership, through individualised savings plans, will also help to combine security and flexibility for employees and companies.

Pension choice

Many of us hold investments through our pension, and for millions these are the only form of share capital they own. However, few take active choices about how that money is invested. This is a huge missed opportunity for citizens to experience some measure of power and control in the economy. Make My Money Matter research suggests that shifting your pension to a greener set of investments is 21 times more powerful than any other choice a consumer can make to reduce their carbon emissions. Demos has built a website, Is It Green, that enables people to compare the environmental performance of their pension fund against the rest of the market, and make a switch to a greener fund if they choose.

We need to work closely with pension providers and employers to build far more choice and decision-making into the pension process. That doesn't just have the power to shift billions of pounds towards green investment: it also embeds the experience of economic power among those making the choice.

Transition bonds

We need to raise huge amounts of capital to invest in the transition to a greener economy. Research has shown that people who have direct investments in businesses associated with their political rivals or enemies are more likely to depolarise. In Israel, researchers conducted a study they called "from swords to bank shares"; they found that Israelis who were given investments in Palestinian businesses developed an increasingly positive view of the importance of economic development in the occupied territories.

If we can get the public directly invested in the green transition - and divested of stocks in carbon intensive industries - that is likely to have a direct impact on people's support for the policies we need to implement.

We are pleased to see the government introduce consumer-facing bonds as an investment product for the Green Investment Bank. We would encourage them to go further and build an offer to all citizens to invest in the transition. The pandemic has left a legacy of billions of pounds' worth of savings in the bank accounts of millions of better-off citizens: it's an enormous opportunity to leverage not just cash but citizen support for the transition.

Asset based welfare

While the state does much to boost the incomes of those out of work or in receipt of other benefits, it does relatively little to boost the public's assets. This recognition led the last Labour government to introduce the Child Trust Fund, a long-term savings scheme with a £250 voucher for eligible children, and has led to calls for Universal Basic Capital - an idea from Julian Le Grand to offer a lump sum to every young adult - and Universal Inheritance - a similar proposal from the Resolution Foundation.

We know that inheritance is becoming a greater proportion of lifetime income. We know that assets offer vital resilience to economic shocks, and enable people to spend time training, caring, or recovering from illness. So we can no longer accept an environment where asset inequality is so profound. We need to urgently identify ways to boost the assets and savings of those on lower incomes, and ensure inheritance gaps do not widen inequality over the coming decades.

CONCLUSION

One of my favourite children's books, which I've read countless times with my three, is called Vote for Duck. Written by Doreen Cronin and illustrated by Betsy Lewin, it starts with an election on a farm, where Duck defeats the incumbent farmer. It follows Duck's political career all the way through President of the United States to retired auto-biographer. It has a refrain at each stage of his career: "Running a farm

is very hard work." "Running a state is very hard work." "Running a country is very hard work." I sometimes think forgetting this simple truth is at the heart of our problems.

I started this series with an analysis of what makes democracy work; questions I believe we need to ask ourselves, and forgot to for a generation because we thought it happened automatically. We imagined that the moral case for democracy was enough to make it work - to make it easy. But running a country is very hard work. Building a society is very hard work; and increasingly hard given the divergence of interests and identities I set out in the second paper.

In the third paper, I wrote about the policy making model implicit in a representative democracy, which assumes it's safe for citizens to outsource all their thinking to the professionals. It isn't. Running a country is very hard work, and it's work we need to get involved in together.

When I look at politics today, I despair. Petty arguments; bombastic pronouncements; partisan bickering; and so often a short term mindset that struggles even to look forward to the next election, let alone the next generation. There seems to be a fundamental belief that everything needs to be a fight, that all policy issues are best dealt with by stoking up the heat, and finding the best way to stick it to the other party.

People go into politics because they want to be heroes. It's the hardest ambition to let go of. It's no wonder that, when the problems of governing get tough, they get their hero-fix from the political victories and the point-scoring. They are addictive for anyone with the personality type that takes you into front line politics. So I'm under no illusions about how difficult it will be to alter the defaults of our political system, and ask our leaders and experts to be the humble servants of decision-making.

They must. That Too Difficult Box is full, and we are running out of time to resolve the challenges I set out earlier in this series. This is a game of pass the parcel in which the parcel is a democratic time bomb: do you want to be the one holding it when the music stops?

Imagine we, as a nation, came to long term sustainable solutions to climate change, social care, house prices, and technology regulation.

Would there really be no politics left? Of course not. There will always be ways to win elections. We can make politics out of statues, bollards and bins. We can make politics out of yachts, wallpaper and bacon sandwiches. There is nothing to lose from fixing problems, if you can bring the country with you as you do so. All you need to do is let go of your heroic assumption that the solution will come from your side of the aisle, or from Westminster at all.

As Harry Truman is supposed to have said: It is amazing what you can accomplish if you do not care who gets the credit.

We need to usher in a new era of collaborative democracy, in which our problems are solved in ways which develop citizens' and society's ability to handle them. After all, democracy cannot be relied upon to defend itself. Its champions must adapt to an age of transformation. Only a gravitational state can bring us back together.

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DEMOS

Demos is a champion of people, ideas and democracy. We bring people together. We bridge divides. We listen and we understand. We are practical about the problems we face, but endlessly optimistic and ambitious about our capacity, together, to overcome them.

At a crossroads in Britain's history, we need ideas for renewal, reconnection and the restoration of hope. Challenges from populism to climate change remain unsolved, and a technological revolution dawns, but the centre of politics has been intellectually paralysed. Demos will change that. We can counter the impossible promises of the political extremes, and challenge despair – by bringing to life an aspirational narrative about the future of Britain that is rooted in the hopes and ambitions of people from across our country.

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