

# Centre Ground

Six Values of mainstream Britain

Chris Leslie MP



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## ABOUT THE AUTHOR

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## SUMMARY

The forces of populism and revivalist ideologies from the extremities of the political spectrum have found new oxygen. Thankfully the British people remain wary that those who offer sweeping, cost-free solutions to all their problems actually have their best interests at heart. So now is the moment for the centre ground of British politics to regain confidence and actively reconnect with ideas that are compelling, appropriate and deliverable. To do this, we need to reassert the values we hold and the reasons we hold them.

This pamphlet describes six values characteristic of British mainstream opinion, setting out how these values are distinct from those on the extremes and giving practical policy examples of how each value can translate into reality:

**1. Fair play, not playing the system:** the British sense of social justice stands firm against those who abuse positions of power. Vested interests and monopoly practices cannot be left unchecked. Yet neither the free market nor Statism can solve these, so a new approach to public regulation is needed, driving out conflicts of interest with stronger democratic oversight and a new ‘public benefit interest’ injected into governance.

The public expect tough action against anti-social corporate behaviour and those who break the rules, especially on tax avoidance. A new international Treaty on Tax Avoidance championed by the UK could clamp down on corporate tax arbitrage. On migration, the public have a strong sense of how the contributory principle could shape new and fairer rules.

Hard work should be rewarded more effectively including through new rights to attend medical appointments, bereavement leave and advance notification of shift patterns. Tax rates between earned income and dividend income could be equalised to help fund the growing NHS and social care challenge.

Decency, respect and compassion are integral to the public’s belief in the intrinsic value of every human being. Solutions to poverty and exploitation lie in cooperation between the State and individual – for instance, making advice services for those facing multiple disadvantages a statutory function.

**2. Responsibility:** Everyone needs a helping hand – but you have to try if you can. There is great unfairness in society but we also have reciprocal responsibilities to one other. Policies should give people control over their own lives to sustain active citizenship, open opportunities for all while asking individuals to play their own part in caring for themselves and their families.

A harmonised flat rate of 30% pensions tax relief could help people save more effectively for their own retirement, as could action against high fund management fees and an extension of auto-enrolment to critical illness and life insurance. Incentives for individuals to structure their employment as though they are ‘contractors’ are unfair to others who pay their taxes responsibly and should be removed.

Community-wide responsibility goes beyond state intervention but the social networks of support between citizens and institutions need repair. For instance, support for families coping with divorce and separation should be reconsidered and better links between schools and other bodies on child safeguarding should be developed.

The responsible stewardship of public finances is critically important to jobs and the well-being of the community, but those on the fringes of the political spectrum either neglect the role of government or give the impression that taxpayer resources are limitless. The centre ground must stand up for sustainability, long-termism and the duty of care for the public realm.

The principle of good neighbourliness extends also to international responsibilities and collective security, where by working in partnership the rules-based pooling of resources through NATO is both efficient and effective. While populists lean towards isolated nationalism, coordinated international action to uphold mainstream values should be championed by open democratic governments. For instance, the UK should lead the way on reform of the United Nations Security Council, to prevent unreasonable vetoes where urgent humanitarian intervention may be required. Britain's international responsibilities including in Europe and providing assistance for the developing world are also vital.

**3. Evidence not ideology:** The battle of ideas isn't simply about competing visions or outcomes. It is also about the way the world is analysed, the process through which decisions are taken, and the means to the ends. Centre ground politics sees the world as it is today and then tries to improve it. Decisions on public policy should be grounded in truthfulness and merit. The centre ground needs to guard against the fanatical fervour of the ideologue and defend the basic tenets of good governance. More than this, there is a need to re-make the case for rationality in the conduct of public affairs.

Reason and science are crucial for human progress yet are neglected or dismissed in today's politics. In choosing an evidence-based rather than ideologically-driven approach to the world, those in the centre ground must do more to support a society where education, enlightenment and innovation are prized and encouraged. Giving young people the skills they need to break free from the prejudices and expectations of others, to think and act independently, is crucial – for instance, injecting financial literacy more effectively into the national curriculum.

Outdated dogmatism should be resisted and the centre ground should be more vocal about the dangers of rigid doctrinal attitudes and extremism. The debate about public ownership and the role of the private sector should be guided by the best interests of the public as both taxpayers and service users.

**4. Representative democracy not populism:** For all the instant availability of information and communications at our fingertips, it is simply impossible for every single individual to determine the day-to-day operational governance of a modern complex country. Elected representatives have to have clear responsibilities to citizens, and the disproportionate

influence of a minority few on the actions of elected representatives should be guarded against. Clearer accountability and the devolution of real powers locally including over NHS commissioning can help. For the centre ground to recapture the public's enthusiasm, it must demand honesty from the populists and dispel the myths and illusions they peddle.

The act of election and voting, though, is just the pinnacle of a democratic system. It stands on top of other vital issues like the rule of law, not persecuting minorities, no retrospective punishments. Citizens have responsibilities too. Just as jury duty and paying into the 'common pot' through the tax system are obligations we must fulfil as part of citizenship, so too we should now consider the scope for compulsory voting in the UK. Alongside the responsibility to participate in democracy should be a responsibility to conduct a civilised discourse. Social media is an amazing resource for information, news and public discussion. But it can also be manipulated by malevolent individuals who could not hope to get away with equivalent abusive behaviour openly in the community. The time has come to seriously consider banning anonymous social media.

**5. Opportunities not pre-determinism:** Significant inequalities in our society exist which unfairly bar those with great abilities from fulfilling their potential. True equality of opportunity will only come if society can remove barriers of prejudice and discrimination and provide individuals with chances to attain life's basic essentials and the tools needed to open new doors. Empowering citizens to seize opportunities means not just offering a new chance, but relying on their individual willingness to fulfil their side of the bargain. Reforms to help empower young people should include a greater emphasis on oracy – the ability to speak and listen well – as a component of the national curriculum.

Merit and social mobility are also crucial in the public's belief in opportunity. Oxford and Cambridge Universities are examples of institutions that are still failing to live up to their role in delivering social mobility, with insufficient action on diversity and continuing unfair advantages, such as the gifting of free MA degrees when students elsewhere have to earn them.

Opportunity isn't only about resources. The right to decent health is still not promoted and the need for a cross-party commission on health and social care sustainability is overdue. Suggestions for how additional resources could be brought forward are made in this pamphlet.

**6. Focusing on 21<sup>st</sup> century challenges – not 20<sup>th</sup> century nostalgia:** Whether from the right-wing harking back to a supposedly golden age of British Empire, or from the hard left stale debates about the appropriation of the means of production, you'd be forgiven for thinking that the 1950s or 1970s were being advanced as halcyon days to which we would want to return. Progress for the next generation will come from a new focus on mutual social responsibility, fairness, social justice and economic sustainability – but also the centre ground fight to maintain our global interconnectedness and the frictionless trading and employment links with our nearest neighbouring economies. For the intergenerational fairness challenge, taxing inherited wealth has to be part of this equation; business and agricultural property inheritance tax relief should be radically scaled back.

We must keep a close watch on the fair *distribution* of wealth, but even more important is to spur the *creation* of wealth. Policies to drive productivity, through new business investment, infrastructure and skills, are crucial.

As we enter an unprecedented period of intense and global connectivity, we should recognise that while the pace of change does indeed create problems, the gains from international connectivity have been phenomenal. It is the precipitous rate of technological development and globalisation that have churned the nature of employment and production, from what were rates of transformation that once occurred inter-generationally to now *intra-generational* change. The centre ground response must be to prepare for the major reskilling of the population during the second halves of careers, because technology is making the first career disappear before the age of 65. A serious 20-week retraining sabbatical for those in need of a mid-career skills boost could be funded from the trade and technology dividend as the data premium evolves.

While extra life expectancy in the 21<sup>st</sup> century is fabulous news, these extra 14-16 years of typical life expectancy have turned public policy on its head and serious questions about funding of pensions and healthcare cannot be ducked. Similarly, the challenge of sustainability and climate change need embedding firmly in policy-making, including higher prominence for the ‘polluter pays’ principle.

Those on the populist fringes will attack any and all efforts to advocate a balanced approach to British politics. They struggle to accept that those who believe in a regulated market economy do so out of principle rather than expediency. By its nature an ideological approach requires the characterisation of today’s society as wholly, 100% dysfunctional and regressive. Yet while there are big problems and challenges, the public remain proud of their country, they see good things and not just the bad, and they are prepared to listen to new ideas if they believe those advocating them take a fair and balanced analysis of the world as it is, rather than peddling the world as they want to advertise it.

Mainstream Britain wants politics grounded in reality, driven by values and with greater consensus in decision-making. Placing these principles at the centre of policy-making can help Britain rediscover its purpose and place in the world, giving real definition for Britain’s role in the 21<sup>st</sup> century.

## WHERE WE ARE TODAY

Politics has changed. Twentieth century norms are of diminishing relevance. Yet the fashion for populism hasn’t quite convinced the mainstream British public, who are rightly wary of politicians promising to solve all their problems with appeals to dog-whistle prejudice or revivalist dogma. It is true that technology is transforming the nature of society and that the traditional assumptions of our democratic practice are disrupted as a result. But there is a widespread anxiety that the newly empowered extremes of British



politics, while certainly shaking up the 'system', are no longer a distant and harmless curiosity, unlikely to impinge on the daily lives of the majority of people. What once were conventions we all took for granted, such as a shared political economy with our allies across Western Europe, can be quickly swept away.

The global financial crisis fuelled cynicism about government and politicians and gave voice to a series of anti-establishment creeds which have sometimes prospered electorally, including the election of an American President. Political commentators have been taken aback by the ability of previously fringe elements to infiltrate the political agenda and its institutions.

While the extremities of the political spectrum have found new oxygen, the centre ground has been on the back-foot. Public impatience with the need for restraint, forbearance and short-term sacrifice for the sake of long-term stability has driven a dalliance in some quarters with the persuasive charms of cure-all salesmen.

But although big forces are at play and there are new kids on the block, the laws of gravity still apply – and the core values and instincts of the British people still hold true; values of fair play, responsibility, truthfulness, opportunity, parliamentary democracy and long-termism. It is of little use for those in the political mainstream merely to warn of the dangers of the far right or the far left. Instead the centre ground needs to assert the free-standing and contemporary relevance of these key values. The public are wary of risk. But they are fed up and demanding real solutions. This is why the centre of British politics has to have confidence again and provide positive ideas that are compelling, appropriate and deliverable. To do this, we need to reassert the values we hold and the reasons we hold them.

## REASSERTING THE VALUES OF THE CENTRE GROUND

In this pamphlet, six core values are explored together with policy ideas which help illustrate their practical application for Britain today. This is not an exhaustive list or a comprehensive programme by any means. It is merely a starting point for discussion. If they seem obvious or widely held values, that's because they should be; these are principles which need to be more proudly asserted and which can no longer be taken for granted.

Concepts of fair play, responsibility, evidence-led policy-making, representative democracy, opportunity and a future-facing attitude to policy challenges are all instincts shared by Britain's mainstream population, but they are not all reflected across the political spectrum. Not only should they be defended, they are principles which can shape the far-reaching reforms we need to deliver profound and lasting change for the benefit of everyone in the country.

Most people are proud of our country. Patriotic, in a distinctly British way. They care about the national interest and our country's identity. They believe our national security is

important<sup>1</sup> and that by pulling together we achieve more than we can get done as atomised individuals. Those who need protection should be protected – which is why 90% of the British public like the idea of a welfare safety net for those who need it<sup>2</sup>. There is also a strong belief that everyone should make a contribution to the community. They expect politicians to put the interests of the country before their own. Crucially, the British public are accepting of well-regulated private enterprise and they understand and admire aspiration and the value of ambition.

The public want to be left to pursue their lives and interests with freedom, tolerance and mutual respect and they want their elected representatives to be honest and conduct diligent analysis of complex problems on their behalf. If those representatives make promises, they expect them to be kept.

As society develops in the 21st century, traditional identities – principally around class and religion – are giving way to affinities based on culture, age, and values. The cynicism about politicians and government has extended into a general dissatisfaction with the existing political parties. A preference for consensus and working together across the party-political divide is increasingly preferred to tribalism and ‘fixing’ as the way forward for UK. Time and again, the public express their distaste for the politics of hatred and division, they can be fired up by injustice but generally reject sweeping ‘them-vs.-us’ characterisations. Politics that offers the prospect of unifying the country has an instinctive appeal. This is all the terrain of the centre ground.

## DEFINING THE CENTRE – TWO APPROACHES

All value systems are prone to distortion and parody; socialism, conservatism, different religions even – there are a multitude of variants and interpretations. So too with the task of identifying the political centre ground. Those who feel instinctively attracted to this space will defend it – and those who loathe or fear it will go to great lengths disparaging and discrediting the concept.

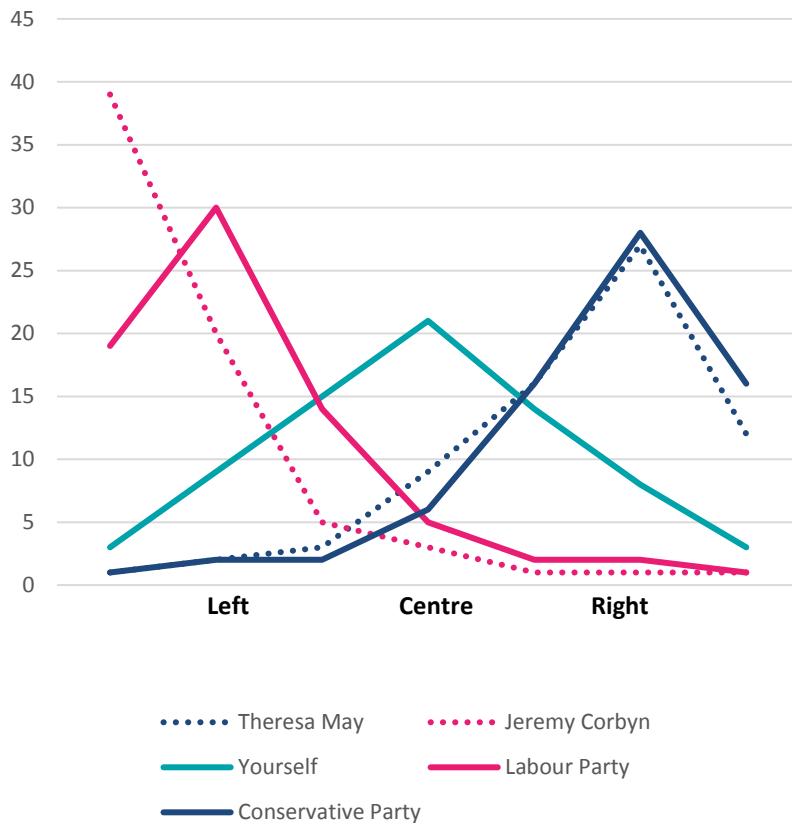
Ultimately it is a highly subjective notion, even though the public do understand the concept as recent surveys clearly indicate. For instance, the 2017 YouGov survey of attitudes towards the British political parties and leaders gave a clear sense of how the public feel relative to their own personal views, as figure 1 indicates:

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<sup>1</sup> YouGov Sept 2014 UK Surveys: defence ranks above welfare, climate change, transport and local government in public priorities to protect from decisions on spending reductions; YouGov poll Sept 2014 - 60% trust UK armed forces to tell truth in debate on military action versus 29% who do not trust

<sup>2</sup> Ipsos-Mori Poll 2012

**Figure 1: Some people talk about "left, "right" and "centre" to describe politicians. With this in mind, where would you place yourself, the parties and party leaders? (%)<sup>3</sup>**



Source: YouGov Survey, Fieldwork: 22nd - 24th September 2017

There are two different ways of thinking about the political centre ground. It can be identified in contradistinction to either side of the political spectrum – in other words, as a concept relative to more doctrinal or extreme politics. Or it can be defined as free-standing and distinct value tradition, with roots independent of other ideas and philosophies on offer.

It is sometimes said that ‘knowing what I don’t like’ is easier than ‘knowing what I do like’. Politics today can sometimes feel very much this way. It is always easier to oppose bad ideas and feel motivated to prevent offensive actions than pursue as yet unrealised objectives or build towards distinctive goals. Preventing extreme philosophies from gaining hold is a perfectly noble endeavour, and we should be deeply thankful to those who, for example, champion the fight against racism and antisemitism. Similarly, the centre ground can be defined *by what it is not* – and how it is positioned in relation to more extreme values. The diagram below is perhaps one way of illustrating how centre ground values might be discerned relative to the more ‘absolutist’ binary approaches on the far ends of a spectrum:

<sup>3</sup> Survey of 1,716 adults in Great Britain, cond. YouGov, 22–24 September 2017 (available at <https://yougov.co.uk/news/2017/09/29/can-jeremy-corbyn-win-centre-ground/>)



The notion of balance, a mixed economy, moderating from purist theories and drawing from both perspectives of opposing concepts is certainly one way of defining the centre ground. But there is a risk in being defined entirely by ‘what we are not’. This approach can seem overly pragmatic and not values-based, drifting rather than anchored in its own logic. It is perfectly reasonable to take an ‘open minded’ approach to public policy, and listening to all sides and recognising that compromise and the incorporation of multiple aspects of differing world views has many virtues. Yet there is ultimately a point at which a judgement has to be made and a decision has to be taken. Better leadership is needed when times are challenging. The absence of leadership partly explains why the false hopes of extremists can gain oxygen.

So it is important instead to articulate why the centre ground isn’t simply a greyscale mix-up of the primary political colours of others, but a clear-cut way of thinking rooted in its own strong morals, standards and ethics. There is a proactive, radical and values-based centre ground approach to public policy which deserves to be championed with the same fervour of any radical Marxist or free-marketeer. The centre ground is built on its own

strong practical foundations, it is grounded in the real world as it is today, it can offer meaningful hope and prosperity for humanity - and it also has the added advantage of being right.

## CHAPTER 1 – FAIR PLAY, NOT PLAYING THE SYSTEM

Britain is renowned for many things, but perhaps it is a sense of British ‘fair play’ which is the common characteristic recognised and respected worldwide. British institutions draw their strength and respect from a historic reputation for reliability and steadfastness which make our country stand out. Our legal system is the touchstone for resolving international disputes and the rule of law is robust. Our financial services professionals (despite the global banking crisis) are still held in high esteem for their professionalism and trustworthiness. The British Broadcasting Corporation is a beacon of fairness and scrupulousness which allows it to weather even the most cynical of critics. The National Health Service embodies the concept of fairness with treatment according to need and not ability to pay. And our Parliament, for all its flaws, compares very well when compared with many other legislatures; debates are decent and respectful and law-making relatively clean and transparent.

Yet these British institutions haven’t generated these values of fair play and decency by accident; these were the accumulation of centuries of painstaking care and attention, reflecting one of the most sophisticated and evolving constitutions of any nation state. The British people don’t rely on a written charter to express this concept of fairness and social justice; it is a deeply engrained sense of ‘right’ and ‘wrong’ which comes from a country that has fought hard for those values. There are lines in the sand that the vast majority of the British public know about – and when these are crossed they define the field of battle for our political debate.

In 1994, the Report of the Commission on Social Justice<sup>4</sup> summed up well these mainstream British values as:

*The equal worth of all citizens, their equal right to be able to meet their basic needs, the need to spread opportunities and life chances as widely as possible, and finally the requirement that we reduce and where possible eliminate unjustified inequalities. Social justice stands against fanatics of the free market economy; but it also demands and promotes economic success. The two go together.*

There is a balance to this set of values; focusing on future opportunities and not simply equal outcomes; emphasising a sense of justice; and recognising that while free markets alone can be unfair, the entrepreneurial spark must also be allowed to flourish<sup>5</sup>. This sense

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<sup>4</sup> The Report of the Commission on Social Justice – Strategies for National Renewal, Vintage 1994 p1

<sup>5</sup> YouGov Poll Oct 2014 - 68% think “if no government regulations and things left to free market big business would tend to abuse customers” while also 61% respond “overall, business is a force for good” (versus 12% who say ‘overall, business is destructive’).

of balance means that those who 'play the system' unfairly, who abuse their position or who act irresponsibly will rightly encounter public opprobrium, whatever their rank or station. There needs to be a continuous process not just of drawing up society's rules of fair play and decent behaviour in the public domain - but agreeing the policies needed to support and enforce these norms.

### **Vested interests & abusing positions of power**

Perhaps the most dominant scenario where the concept of 'fair play' comes to the fore is where the individual faces the overbearing might of large and powerful vested interests. For those on the right the market mechanism alone should be able to resolve all issues. Whereas for the statist left-wing only total ownership by the public sector provides the answer. Time and again both have failed where they have been tried. But *public regulation* is a third option whose potential has not been fully realised.

Monopoly practices must be monitored and restrained in the public interest. Although this has long been a feature of UK, EU and American government policy, there are different ways to ensure that the disadvantaged and dispossessed are not exploited by the lack of alternative choices and options on offer. There are basic human needs at stake and the British instinct against unfair profiteering even forced the Thatcher administration to introduce strict price capping formulae on industries that were privatised in the 1980s and 1990s. Neither privatisation nor nationalisation can guarantee the high quality or fair conduct of a monopoly - which is why the regulatory and taxpayer interventions of ongoing mainstream public policy could never entirely be cut out of either of these models. Large scale public sector finance was always needed to make privatised rail companies viable - and the interests of the passenger and commuter were often overlooked when they were run centrally by Ministers.

Regulating in the best interests of the public realm offers a centre ground solution able to redress the balance between small customer and large producer as well as deliver wider social outcomes that the market would otherwise ignore. For natural monopolies, where genuine competition is not realistic, such as regional water and sewerage services, it is highly doubtful that service provision will be better off in the private sector than in the public sector, although when public borrowing is constrained the ability to access private investment in environmental infrastructure can have advantages. But if it is possible for consumers to have real choice, then private innovation and capital can drive benefits and service improvements. For instance, it would be ludicrous today to argue that the old British Telecom approach to communications technology would be better off in state control when competition has driven new product innovation and genuine choice and price competitiveness for consumers.

Yet if legislative regulation is to regain public confidence, serious reforms will be required. A new approach is needed and the centre ground of British politics must be crystal clear that abusive and exploitative monopolistic behaviour will never be tolerated.

A substantial and fresh approach to regulation ought to involve:

(a) **driving out conflicts of interest** from non-state ‘regulatory’ functions where the organisations and companies being scrutinised currently hire in their own scrutiny. This is particularly evident in the audit sector, where the large accountancy practices are paid for by the corporations being audited themselves, and the notion of true challenge and inspection is undermined as was evidently the case with the recent collapse of Carillion. This practice was clearly a problem with credit rating agencies, the value of whose assessments is too easily skewed by perceptible conflicts. Either there needs to be ring-fencing of governance facilities, such as a separation between audit and non-audit functions in the large accountancy houses, or statutory audit practices should be considered.

(b) **regulators taking on the responsibility for monitoring ‘prudential risk’** and not simply tick-box inspection. The banking crisis forced a recognition that there was a problem with regulators missing the wood for the trees, but have these lessons been learned in other sectors such as healthcare, education or environmental regulation?

(c) **stronger democratic oversight of regulators**, who should themselves be subject to challenge and improvement. There is a real danger that Parliament has delegated oversight functions to regulators rather than using regulators as a means to root out bad practice leaving policy-makers unsighted on key issues. Select Committees should take on a greater role here with more widespread use of confirmation hearings for those running key regulatory activities and giving Parliament a stake in the success of future regulation

(d) activism on corporate governance including a **greater emphasis on the ‘public benefit interest’** injected into the constitution of key business structures, so that external regulation is reinforced by an internal discipline, healthier internal accountability, and a shift of interests to include what is best for society and not simply what is best for shareholders and executives

(e) disconnecting existing regulators from ‘their’ industries which capture them too readily (as even the Conservative government admitted recently in respect of Ofgem and their reluctance to pursue a ‘price cap’ policy). **Avoiding ‘producer capture’** requires careful safeguards by Ministers to ensure the inevitable tendency to the ‘revolving door’ among specialists is counteracted with proper regulator resourcing and firewall policies. Genuine ‘challenge’ will only come when regulators do not fear their own personal interests may be compromised in the long run.

(f) **linking licencing and performance more directly to consumer and service-user satisfaction**, so those who are regulated are required to prove their customer-oriented outlook, perhaps akin to a ‘customer-service Ofsted’ for companies. Regulators should also have the power to monitor the wider international practices of private sector bodies and sanction within the UK if required.

(g) **self-financing of regulation** on an industry-wide levy basis, avoiding the risk of individual firms paying their own individual regulator by taking a sectoral ‘polluter pays’ principle. Taxpayers should not be expected to subsidise the policing and clean-up operations of the private sector.

### Tough on anti-social corporate behaviour

Firm rules to enforce business fair play are as important as rules enforcing individual responsibility. Society has created the concept of company formation with limits on liabilities in order to encourage enterprise, investment and reasonable risk. But in exchange for those protections, decent standards of behaviour should be protected. This is especially important in monopolistic sectors. For instance, there is today a real need to rethink the regulation of utility balance sheets, to guard against executives loading up on excessive debt and then dishing out post-tax profits entirely in dividends instead of ensuring reinvestment. Regulators need to have new powers to disincentivise high debt / low investment business practices in those services which affect the public realm. Regulation can work in a more effective way than nationalisation and those in the centre ground should be able to combat corporate mischievousness with adaptations to corporate law that prevent opportunities for unfair executive excess.

### Rule-breakers

All the incentives in the world cannot always prevent malign individuals or corporations breaking the rules of ‘fair play’ that the public expect. So it is necessary to tighten the net around those who circumvent national regulations by legally locating beyond the UK’s jurisdiction.

It is deeply depressing that the UK Government has shied away from its leadership role in driving new international standards against illegal and immoral practices. Most other developed countries face similar frustrations and would also welcome alliances to encircle rule-breakers.

On tax avoidance, the **UK should pursue an International Tax Avoidance Treaty**, enforced through a new body at the United Nations, so that egregious activities to dodge contributions to domestic public services are faced with firm international solidarity. This could include international efforts to coordinate and redraw definitions of the corporate tax base, to prevent companies gaming the system from country to country. The 20<sup>th</sup> century concept of a ‘permanent establishment’ needs redefinition to capture modern service industry practices in a digital age. Consideration should also be given to converting corporation tax into a tax on turnover, rather than a simple ‘profit tax’ in order to tackle the propensity of firms to sink internal costs or bias towards debt finance.

But we shouldn’t stop at corporate or collective malfeasance. Society needs to evolve its approach to criminal justice so that unacceptable actions have meaningful consequences. Our justice system ought to be the ultimate example of social reciprocity. Yet today in the UK we see budget pressures driving outcomes more than the need for victims to know that offenders will be adequately punished and rehabilitated. Victims and



witnesses need far more support and the nature of punishment needs more attention from policy-makers. For instance, sentencing outcomes can seem disconnected from the nature of the crime and the courts should be given more flexibility to consider sanctions that will more effectively impact on a criminal and deter others. There is no reason why a ban from driving or from social media could not be deployed by courts for a variety of crimes. Similarly, for young offenders could there be scope for courts also to hold parents accountable for the actions of their children? If the justice system is to adapt and remain respected and effective, new tools should be considered.

### Common sense

By its nature, a centre ground approach should avoid a rigid, dogmatic approach. So the principle of ‘fair play, not playing the system’ will always need to weigh up each separate situation – it is a partly intuitive concept but policy-makers who listen to the public will quickly get a sense of where to draw the line. This notion of ‘common sense’ is well understood in Britain and relates to a natural ability to weigh up factors and reach sensible decisions based on well-informed judgement. For all the written constitutions of the world and reams of statute in our country’s legislative history, our courts are ultimately founded on the sound judgement of the judge and jury. Competence and an understanding of the best interests of the community at large are also requirements that most people expect of decision-makers in the UK. The ‘moral obligation to make government work right’ as Al Gore wrote in his 1992 book ‘Common Sense Government’ is essentially more about how government operates rather than the specific policy outcomes, but good governance should lead to better outcomes anyway. Regularly reviewing how British policies compare with those pursued internationally would also improve government and allow the world’s best ideas to be taken up for our citizens as well.

In the UK at present we are in desperate need of resources for our NHS and public services. Yet there are common sense decisions that a regular review of tax reliefs and policies could assist with. For example, why have we designed our sales tax policies so that the UK refunds non-residents, but without reciprocity from those countries in return? Britain and EU countries seem to give direct refunds of VAT/GST to non-residents when the US, Canada, Australia, China, India, Mexico, Brazil, Russia and others do not reciprocate and give direct sales tax refunds for their non-residents. We could **raise £300m a year** by ending the VAT refunds to non-EU citizens through the ‘tax free shopping’ Retail Export Scheme<sup>6</sup>.

### Immigration

When the cases of legal British residents struggling to establish their rights from the so-called ‘Windrush generation’ began hitting the headlines, it reawakened a wider public debate about migration and the “hostile environment” policy pursued by the May administration. There was a strong public sense that an injustice was being done and that

<sup>6</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209487/20130627\\_Consultation\\_document\\_1\\_0\\_complete.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/209487/20130627_Consultation_document_1_0_complete.pdf)

it was ‘out of order’ for long-standing residents to be treated with such disrespect, especially given they had paid their taxes and worked for decades in the UK. The contributory principle was discernible throughout – and the distinction between ‘legal’ and ‘illegal’ migration was itself under scrutiny because humanitarian considerations also began to come to the fore.

Public attitudes towards migration do vary over time as issues rise and fall in the public spotlight. The Brexit referendum may have been shaped by migration concerns, but the reality is that the British public have quite balanced rather than what some might assume are necessarily negative views. In many ways, part of the United Kingdom’s own identity is the tradition of providing safe haven for those seeking asylum, where our modern diversity is very much part of our country’s strength and there is a healthy pro-immigration ethic in mainstream Britain today. Indeed, the 2014 British Social Attitudes survey showed that more people believe immigration is good for the British economy than bad<sup>7</sup>. But the same survey also shows the public have a strong sense of the contributory criteria expected for those allowed to come and live here from outside Britain, with 84% expecting migrants to ‘be committed to the way of life in Britain’; 87% expecting an ability to speak English; and 81% having ‘work skills that Britain needs’. The British public may not want a fully ‘open-door’ policy, but they also do not want to block and prevent migration at all costs – they opt instead for a balanced, middle way.

The contributory principle is the key to a balanced and sustainable migration policy. Tensions can rise if a sense builds that other haven’t ‘paid in’ or have ‘jumped the queue’ or obtained quicker or special treatment – especially possible where resources are sparse and services cut. Those in the centre ground of British politics should rightly commend the macroeconomic advantages of migration while pointing to tangible, fair and enforceable rules which ensure that the contribution of individuals is real.

What are the policies that could address this balanced set of public attitudes?

- Focusing on the question of contribution, if EU ‘free movement’ were more closely realigned to its original intent of ‘freedom to contribute’ (in other words, the right to work and pay taxes), then there would be more widespread public acceptance of migration. If the UK were to become a member of the European Economic Area and re-join EFTA then this could be the objective of continued participation in that ‘Single Market’, not dissimilar from the Belgian approach to labour mobility from other EU member states.
- In order to measure and enforce fair rules, including access to benefits, an identity system could be developed, although technological advances no longer require the actual carrying of an ID card, so an ‘e-identity’ system perhaps linked to National Insurance numbers could be the solution, in a similar manner to the German development of this concept.
- Foreign students should be welcomed because they are contributing, furthering themselves and enriching university neighbourhoods – and Britain should be open and

<sup>7</sup> 40% say “good” versus 36% “bad” - [http://www.bsa.natcen.ac.uk/media/39148/bsa34\\_immigration\\_final.pdf](http://www.bsa.natcen.ac.uk/media/39148/bsa34_immigration_final.pdf)

relaxed to share our knowledge and values across communities worldwide. It is a nonsense to include foreign students in targets for managing migration more generally.

- Those communities which experience sharp population changes because of migration should also be given greater support and protection, with a proper Migration Impact Fund supported in part by real-time funding from visa fees - perhaps even hypothecating a portion of retained income taxes generated in a locality, so that the benefits of migration can be felt directly. Similarly, the labour market in a community should not be unfairly distorted if foreign companies post workers 'temporarily' leading to a sense that existing wage expectations are being undercut. President Macron's proposal to restrict the maximum period for posted workers to one year only on condition that the same local pay rates are observed is a sensible way forward.

### Hard work

The concept of fair play not only relates to contribution to society, it relates to the effort and hard work of individuals trying to do their right thing for themselves and their families. Working people deserve backing from the State but also respect and support in the workplace. The contributory principle is a cornerstone of mainstream British opinion – a principle too often unspoken that we each enjoy services and the insurance provided by 'the system' because we each pay in through our taxes and effort working in the community. This underpins public support for generous service provision. But there is also a sense that this social contract is under strain. As Peter Kellner formerly of YouGov once said: "YouGov research has shown consistently that people see too little connection between the taxes they pay and the way the government spends the money. They like the broad idea of the contributory principle – that people should pay in when they can and obtain help when they need it."<sup>8</sup>

Society can reward those who are putting in effort, and should rightly protect individuals from exploitative practices. The nature of work today is vastly different than in the 20<sup>th</sup> century, which is why so many of the traditional protections that trade unions provide by attempting to organise in conventional workplaces are waning as self-employment, contracting and working from home take their place. A centre ground approach, adapting to modern circumstances, cannot stand still in the protections and rewards we offer as a society for hard work.

If we want to reward working people for their contribution, a consensus is surely possible on gradually increasing rights and standards for today's workforce. We should therefore introduce:

(a) **A legal right for workers to attend GP or hospital appointments.**

(b) **A right for all workers to be notified of their shifts one month in advance**, which is especially relevant for those enduring the uncertainties of zero hours contracts.

<sup>8</sup> <https://yougov.co.uk/news/2013/03/11/immigrants-welfare-and-nhs/>

(c) A **right for all workers to bereavement leave** following a death in their immediate family. It isn't acceptable to rely on discretionary 'compassionate leave' nor the existing right for time off to deal with emergency situations. Bereavement is a major life event and in the 21<sup>st</sup> century this can be better recognised than it is at present.

(d) A **clearer right for a parent to automatically qualify for state pension national insurance contribution rights until their child is age 16**, to take pressure off reaching a fixed level of work during a child's school years in what is a complex NI system catching many (mostly women) out when nearing retirement. Bringing up children is a contribution to society that deserves recognition.

A society that rewards hard work and contribution should also weigh up whether the contributions currently drawn into the 'common pot' are fair and reasonable. A balanced and progressive tax system should take a higher contribution from those who have the means to do so, but not in a punitive way that would deter enterprise and innovation.

The simple distinction in our tax system between 'earned' and 'unearned' income can be quite crude, but broadly there is a centre ground consensus that earned income should be treated more generously than unearned to reflect the level of effort and hard work involved. Yet our tax system sometimes does the opposite. Take the differential approach to taxation on dividend income in the UK compared with tax rates on earnings. Whereas the rate paid on earnings is currently 20% basic rate, then 40% higher and 45% additional rate, on dividend income this is 7.5%; 32.5% and 38.1%. Given that 95% of adults in the UK currently are exempt from any tax on their savings income because of ISA allowances and the untaxed first £1000 savings allowance, it does not seem reasonable for the wealthiest savers to benefit from these lower rates of tax. The House of Commons Library estimate that **if tax rates were equalised for dividends income with earned income, an additional £5.9bn of revenue could be generated**<sup>9</sup>. While in practice instituting this change could alter investor behaviours and how income is derived, this extra revenue could help create a fairer balance between earned and unearned income and make a real difference, for example, to our health and social care system.

## Decency, respect and compassion

When the country comes together and rises above tribal politics, there is a clear mainstream decency and compassion at the heart of British values. These go beyond occasional charitable giving; it is a belief that the public realm has a safeguarding duty for the most vulnerable and the poorest in society – and the welfare state principles after the Second World War have endured as a result. When the Conservative / LibDem coalition Government attempted harsh welfare changes as part of their deficit reduction initiative after 2010, public sentiment was highly resistant to measures that risked breaking this

<sup>9</sup> Data derived from HMRC Income Tax Liabilities 2018-19 table 2.6  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/710875/Table\\_2.6.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/710875/Table_2.6.pdf)

core principle – the coalition was later forced to u-turn on the so-called ‘work penalty’ cuts to tax credits in 2015, for instance.

Management of the public sector demands more than efficiency and fiscal discipline. Although the public rightly expect cost-effectiveness, there is also a clear expectation that fairness will be a guiding principle: at the height of the New Labour government John Prescott as the then Deputy Prime Minister would characterise this centre ground approach as ‘social justice and economic efficiency – two sides of the same coin’.

The nature of disadvantage evolves every generation. But while today’s afflictions can change tomorrow, the guiding principles endure. Advocating ‘fair play’ means recognising the intrinsic value of every human being; that everyone deserves a chance and that poverty, exploitation and suffering are inherently unfair when society has the means to banish these. It is especially distressing that still today in the UK so many young people grow up coping with scarce resources and shortages that others take for granted; for instance, it is wrong that today there are 42,100 children in a city like Nottingham living in families where no adults work or where the household income is low enough to require tax credits.

The values spelled out by William Beveridge in 1942 correctly sought to banish the five ‘Giant Evils’ of ‘squalor, ignorance, want, idleness, and disease’<sup>10</sup>. But his radical welfare policies were also to follow the principle that they “must be achieved by co-operation between the State and the individual” where the State “should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family.” This balance between the role of the state and the role of the individual is a distinctive characteristic of centre ground politics, and the question of responsibility is explored in the next chapter.

Intervening to help those facing multiple disadvantages is surely an approach where a consensus can be achieved. Yet the means to assist those in need – and the organisations who give advice and guidance to help individuals make their own choices – are dwindling and under threat. It would be a mark of our civility as a society, as well as a hard-headed investment for the long-term, to radically boost the availability of financial, legal and welfare advice to those facing hard times. Today’s scandalous re-emergence of rough sleeping in our main cities should be a wake-up call signalling new preventative efforts are required with urgency. **Making advice services a statutory function** would be a great example of a centre ground policy combining social justice and economic efficiency. Not only would it transform life chances, it would be the ultimate invest-to-save approach; for every £1 invested in advice services this saves the taxpayer around £10 in social and economic benefits and service costs that would otherwise be incurred (such as health, policing or welfare support)<sup>11</sup>.

<sup>10</sup> William Beveridge 1942 report on ‘Social Insurance and Allied Services’

<sup>11</sup>[https://www.citizensadvice.org.uk/Global/Public/Impact/Citizens%20Advice\\_Impact%20Report\\_2015\\_Digital.pdf](https://www.citizensadvice.org.uk/Global/Public/Impact/Citizens%20Advice_Impact%20Report_2015_Digital.pdf)

## CHAPTER 2 – RESPONSIBILITY

Everyone needs a helping hand - but you have to try if you can. Individuals can be victims of exploitative practices and have their life chances deprived by poverty and discrimination. Society as a whole should come together to offset that bias by providing rights and opportunities. Yet individuals are not entirely passive characters – because we do possess choices and can make our own decisions in many circumstances. More often than not, every person is responsible for their own actions.

This concept is enshrined in the Labour Party’s new Clause IV: “the rights we enjoy reflect the duties we owe.” This isn’t a belief exclusive to Labour’s membership – it is a widely held, mainstream opinion. We do have duties to one another in our community and there is a moral duty for each of us to play our part responsibly, to offer help to others in need and not exploit or abuse the trust and support offered to us.

### Personal responsibility

The belief in reciprocal responsibilities between individuals sets the centre ground apart from the extremities in politics, which either treat individuals as pawns moved around without their own agency by grand forces, or as expendable commodities in an impassive free market. In contrast, the notion of personal responsibility is felt keenly in the centre ground of politics, and it should manifest itself in policies which give people control over their own lives and assist families and individuals to sustain themselves as active citizens for the long term.

The ability to take personal responsibility is, of course, tied to the availability of opportunities to do so. An enabling society should help to place opportunities for learning, employment, enlightenment and self-support in front of all citizens and remove obstacles to choice and advancement in order to reinforce a pro-responsibility culture. But where individuals do have the means to do so, our responsibilities are to get our own house in order, care for our families and then do what we can to contribute to the wellbeing of the rest of society. In two areas of public policy we see society failing to adequately support personal responsibility – in the approach to savings and in the approach to paying fair taxes into the common pot.

Setting money aside for our own future can be difficult, but many people do so knowing that we cannot reasonably rely on everyone else to pay for our old age if we had the ability to save but chose not to do so earlier in life. Yet complexity about long term savings and pensions, and a lack of information of the amounts we will need to sustain us is clouding the self-awareness all citizens need to plan and recognise their responsibilities. The time has come for a more effective incentive for those who currently save the least for the future – and who will rely especially on their pension savings. The existing tax relief granted on pension contributions mirrors the personal income tax rate, so basic rate taxpayers get 20% added on top of every pound saved in their pension pot, whereas a higher rate taxpayer gets 40% on top. This is unfair and as a recent RSA study

highlighted<sup>12</sup>, 40% of the total tax relief paid by the Treasury goes to just 10% of the pension savers, despite that wealthier group making less than a quarter of the total contributions. Several organisations, including the RSA, recommend **a harmonised flat rate of 30 percent for pensions tax relief**, to better encourage lower and middle income individuals to set money aside for their old age. This is a sensible reform that fits the principles of personal responsibility, fair play and rewarding contribution.

Whether saving for retirement income or our own elderly social care, a fair and well-regulated opportunity to invest for the future is also hard and complex for too many people. And when they manage to do so, the poor regulation of intermediaries means millions are being slowly ripped off as their investments grow less well than if a fairer approach were taken. For example, it is time to review the fund management fees deducted at source so that ordinary investors get a better deal. **A lower cap on fund management fees could radically boost customer income in retirement**, which would be good for individuals and a relief for other taxpayers as well. For instance, over a lifetime if an individual managed to accumulate a fund of £500,000, the existing 1.5% fee yields a £20,000 annual pension. But if regulators instituted a 0.75% fee instead – still perfectly reasonable for the services undertaken by fund managers on behalf of investors – this would yield a £24,000 per year return. Better regulation of investment fund management fees could make a world of difference to the responsible saver.

Pensions auto-enrolment was one of the better policy legacies of the previous Labour administration and has been maintained by the current Government – but more needs to be done to ‘nudge’ individuals to provide for their own protection, care and family future. The arguments are strong for ‘auto-escalation’, whereby a greater percentage of contributions are pre-set so that as careers and pay levels evolve over time, a slightly higher level of contribution can be automatically triggered. But the success of auto-enrolment could go further. The support from government for personal welfare if individuals are critically ill or disabled in the workplace, and there is certainly a need to revise the level of state and employer support here. But individuals could be encouraged to also provide for such circumstances too. **An auto-enrolment into a very basic level of critical illness and life insurance**, with a clear right to opt-out if existing policies are already in place, should be assessed for feasibility. Not only could this transform the care and support for individuals unfortunate to need help but it could work in harmony with state welfare support and provide an answer to long term sustainability of personal care.

When it comes to taxation, while there are few cheerleaders for voluntarily parting with money for HMRC, everyone knows at one level that we rely on the services these resources sustain. Yet tax avoidance and evasion remain a real problem, and not just at the level of large corporations. For example, there are still far too many incentives for **individuals who structure their employment as though they are ‘contractors’** in order to minimise tax on both the employee and employer side of the equation. This isn’t always the choice of the individual, but often it is. Pretending to be a company can not only protect a greater chunk of income from tax but allow the individual to pay a reduced rate of ‘corporation tax’ rather than income tax on the rest, paying no national insurance

<sup>12</sup> <https://www.thersa.org/about-us/media/2018/top-10-handed-40-of-pension-tax-relief-rsa-warns>

contributions either. While this practice in the public sector has been acted against, private sector employers aren't feeling sufficient disincentive to move away from these arrangements. Employers currently gain from lower employer NICs contributions as well. It's unfair on everyone else seeing their income tax deducted at source through PAYE and – while there are legitimate self-employment circumstances where separate arrangements will need to continue – this imbalance needs readjusting now.

## Community responsibility

Individual acting alone cannot provide the framework for mutual responsibility across a whole community, to our neighbours and within the wider economy. Those on the right have always struggled with the notion of 'community' and the role of the state, believing that free enterprise can obviate the need for interventionist government. But market fundamentalism does not align with the centre ground consensus in Britain, which is firmly in favour of active government willing to take responsibility in a protective capacity on all our behalves and step in.

The sense of mutuality in the community is not, though, restricted to state intervention as the expression of collective responsibility; voluntary and charitable endeavour should be applauded and not derided. A centre ground approach should cultivate social networks that offer bonds of mutual community protection and support families and communities helping each other across all aspects of society.

How can the community perform its duty of mutual responsibility at the most sensitive and difficult moments of family breakdown or child protection? Two policy developments could exemplify this. First, when warring parents with children divorce, it is very rarely the case that a court order can endure throughout the evolving circumstances of a child's upbringing. The voluntary 'Separating Parents Information Programme' (SPIS) supported by the network of charitable Child Contact Centres across the UK helps to give parents information, tips and a basic framework for communicating with each other about their child's needs, the sort of communication that preserves vital civility and flexibility which a court order can rarely achieve. To protect the childhoods of young people experiencing family breakdown, **the Separating Parents Information Programme should be made compulsory alongside a new mediation out-of-court pathway** in circumstances of parental separation. The best interests of the child should come first, and although difficult when parents' emotions are running high this tailored intervention is a great example of how an active community can coax more responsible long-term behaviour.

Second, the fragmentation of public services into separately managed silos has been challenging in schools where data protection rules and differing budget lines have sadly fractured common sense cross-service working. In order to provide better child protection, public health advice and build on the existing over-stretched CAF (Common Assessment Framework) conferences, **school health workers** are needed to make sure that issues teachers notice and pick up are properly resolved, especially as they often go further than the classroom. This school health and social support work channel could help fill the current gap in pastoral care and family support that teachers simply do not have the time and ability to adequately fulfil. The wellbeing of pupils will always be the top



priority for teachers but they cannot be expected to be social workers as well as educators and they need more support.

Community responsibility should also extend to exercising our democratic rights, not just politically but as consumers and pension investors too. Modern technology has the capacity to disintermediate the passive managing agents who hold share proxy voting rights and either fail to use them or simply follow executive recommendations. This accounts for why, in the UK over the past four years, 97 percent of shareholder votes cast went in favour of director candidates standing for election or re-election for companies in the FTSE350.

If we want corporate behaviour to improve, accountability must be genuine, which means if we want to show an interest in where our money is invested and what we as a community own, we have a responsibility to devise the means to exercise those rights. In the years ahead when the UK will be competing with other jurisdictions for the listings rights for new IPOs, centre ground policy-makers will need to safeguard corporate governance standards with measures to prevent a further erosion of shareholder voting rights. For instance, when new social media company ‘Snap’ was recently taken public in the States, the attempt to sell shares with no voting rights at all was a worrying trend that other companies may be tempted to follow. Radical free marketeers may shrug at this, but defending the importance of shareholder responsibility is a must if the privileges of incorporation are to continue.

### Financial responsibility

It has become fashionable on the extremes to ignore risks to solvency and sustainability that have traditionally concerned governments worldwide. The power of the State in the economy are great but the responsible stewardship of those powers now needs to be championed. The levers of government can have a critically important impact on jobs, prosperity, health and well-being. Keynes was right to point out that excessive spending cuts in an economic downturn can amplify and extend lethargic activity, because government activity is itself a key player in the functioning of a decent economy. Yet right-wing governments ignored this risk after the financial crisis and the period of recovery was more protracted as a result.

Conversely, some on the statist left give the impression that government resources are limitless, dreaming up convoluted theories of the apparently consequence-free potential of printed money. They point to the monetary policy innovation in the aftermath of the global banking crisis which kept money circulating and economies afloat. This monetary Keynesianism did make a difference, but what goes up will at some point have to come back down; the fact that QE (quantitative easing) will shortly give way to QT (quantitative tightening) is lost on those addicted to magic money. So too policies that rely on significantly additional borrowing will not be deliverable if the bond market starts to question the likelihood of money being paid back, especially if spooked by talk of mass renationalisation and the sequestration of assets without compensation.

We are living through an extraordinary period where common sense politics is marginalised in favour of populists who can make grand promises and lure in voters with an endless shopping list of spending promises, with barely any scrutiny of how those promises might be viably financed. But the confidence of investors, savers and business cannot be ignored, as populist parties (for example in Italy in May 2018) discover when a flight from equities and manifold rise in borrowing costs crowds out essential public service budgets and devalues the savings of citizens.

Even in the United States, Donald Trump's tax giveaway for the wealthy and corporate America has led to the sounding of multiple alarm bells about the level of US government debt and deficits. Globally, the IMF warned in their April 2018 report<sup>13</sup> that worldwide public and private combined debt is growing at an unsustainable rate – now at 225% of GDP which equates to £115trillion, 12% higher than the peak reached before the financial crisis. While 43% of this rapid increase is accounted for by China, the risks are being ignored as too many gamble that the prospect of the next downturn is several years away.

Flexibility in debt policy is sensible, especially in a downturn where the poorest in society must surely be cushioned from the harsh effects of limited resources. But if the global economy is indeed set to grow by 3.9% in each of the next two years, surely this is a moment to build reserves, reduce over-exposure to risk and invest for long-term durability?

Those on the right of the political spectrum are convinced by their own rhetoric that cutting taxes, regardless of indebtedness, magically stimulates greater Treasury revenues – the theory being that if only government gets out of the way then individual entrepreneurialism will blossom and everyone wins as a result. Evidence for this is, unsurprisingly, scant. Those on the far left are also convinced that worries about indebtedness is a 'neoliberal' construct and that notions of living within ones means over the longer term are a conspiracy against the working class.

It is left to the centre ground to take a more balanced, common sense approach, where taking tough decisions can induce short-term acute unpopularity. But taking the long view, thinking about the sustainability of resources and the consequences of over-indulgence or the pursuit of un-evidenced theories is precisely where the centre ground politician has to stand. Sacrificing long-term prosperity and stability for a short-term political boost is negligent and self-defeating. Populism forgoes the future to keep deceits afloat. Those who advocate fiscal responsibility have to communicate the risks of short-termism and the benefits of deferred gratification far more skilfully. Economic instability ultimately hurts those on the lowest incomes most of all.

### **Stewardship of the public realm**

The opportunity to govern comes with a duty of care. While those on the far right believe in shrinking the state and pointedly rejecting intervention regardless of the consequences for the public, those on the far left justify autocracy as the supposedly

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<sup>13</sup> <https://blogs.imf.org/2018/04/18/bringing-down-high-debt/>

'intermediate' phase of a 'dictatorship of the proletariat' *en route* to true communism. Both approaches are dismissive of democratic consent - the demonstrable trust and confidence of the public. The sensible and responsible stewardship of the public realm is dismissed as an obsession with managerialism, as though this is a 'politics free' administrative space. But there is real virtue in the efficient use of taxpayer's money, because if you believe in maintaining public trust in the pooling of resources through a common pot, then you need to continuously prove that those resources are used thoughtfully, carefully and economically.

Cynicism about Parliament and government isn't helped by the casual indifference of Commons procedure towards 'estimates', the core authorisation of departmental expenditure. Although the Select Committees - in particular the Public Accounts Committee with the support of the National Audit Office - do their best to scrutinise Ministerial decisions, it barely scratches the surface and often reacts to scandal rather than uncovering misdeeds. The centre ground should embrace and drive new accountability of the executive, attacking waste and inefficiency in government and insisting that money is spent well. This is a space almost totally vacated in today's political debate, and mainstream Britain believe strongly that reformed public services and action against waste could improve services and deliver better value<sup>14</sup>.

### Improving & streamlining the Justice system

One example of where common sense reforms to reflect the era of technology and leaner resources need to be brought more effectively is in our criminal justice system. It should be obvious to anyone encountering the work of the court system how many improvements can and should be made. Significant additional costs occur because of constant rescheduling of court hearings and the bureaucracy involved. For example:

- Too many delays are encountered by judges who get to the conclusion of a trial and are ready to pass sentence, only to find that the full history of convicted defendants is unavailable for prosecutors to access after the verdict because of inadequacies in CPS record availability. Fresh court sessions have to then be scheduled, and these could sometimes be avoided.
- When convicted criminals breach their probation there should be more automatic penalties, rather than the series of fresh hearings to establish whether a breach in probation has actually occurred. More trust in the probation service recording and reporting systems could strike a better balance, perhaps replacing an automatic hearing with an appeal system.
- More trust could be shown in the court ushers by securing their oath of duty at the beginning of their employment, rather than having to be sworn in afresh not only when each new jury is empanelled but - as is currently the case - on each separate day that a jury deliberates. Small time savings can be made here, but the cumulative benefits could help streamline the justice system.

<sup>14</sup> Table 30, Populus Poll Jan 2018 - <http://www.reform.uk/wp-content/uploads/2018/02/Reform-Populus-NHS-poll-2018.pdf>

- When HGV and public transport drivers forfeit their professional driving licences a simple notification should be made to inform their employer of this change in circumstances – a lesson that sadly needs learning from a recent M1 crash<sup>15</sup> where multiple individuals were killed because companies relied on the convicted individual to report their loss of licence.
- The Family Court system is expensive for the taxpayer and litigants, where relationship breakdown is too frequently arbitrated by court order rather than through facilitated by mediation and dialogue between couples in dispute. The out-of-court pathway that was being considered several years ago deserves to be revived as an area of public service reform, both to benefit evolving circumstances after family breakdown where a rigid court order is rarely sufficient, and to save expensive court costs for the public in the process.

### International responsibility and collective security

The principle of good neighbourliness, where we go to the aid of those in need and distress, is hard-wired into the sense of responsibility felt in the political mainstream. This applies at a global and not just local level. While of course there are limits inhibiting the occasions when assistance can be realistically provided, the notion of an ‘international community’ is keenly felt, especially where political repression and the systematic abuses of human rights can be countered through diplomatic intervention.

Intervention to prevent humanitarian distress is a principle accepted by the United Nations through its 2005 General Assembly ‘Responsibility to Protect’<sup>16</sup> (R2P). Yet this principle is under attack from both extremes in politics. The hard right maintain a clinical disinterest in the plight of populations beyond nation-state borders. The hard left argue that military intervention by ‘the west’ must invariably be an imperialist device and prevented in all instances. They believe that the world is divided between those who exploit and those who are passive or victimised – and that when non-Western governments behave despotically they are somehow being forced into it, or they were reacting to the evils of the West. While there may be some occasions where smaller powers are bullied by bigger forces, in many instances nations do have their own latitude, responsibilities that they try to wriggle out from, and they can shape their destinies. To infantilise evil regimes and provide excuses for their behaviour is to totally misread reality.

In recent years the deficiencies of 20<sup>th</sup> century international institutions have been clear for all to see, especially in the current Syrian conflict. Persistent anti-intervention approaches from Russia and China on the UN Security Council reflect their own anxieties about international action on human rights abuses as much as it does the strategic repositioning of these global powers. For the rest of the world who champion values of freedom, democracy and human rights, the risks of diplomatic intervention – and if all else fails military intervention – can be significant and it can sometimes go wrong, especially with poor planning and forethought. But sometimes, where sanctions and political pressure cannot succeed, there have been positive steps forward, for instance, in Sierra

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<sup>15</sup> <http://www.bbc.co.uk/news/uk-england-beds-bucks-herts-43331990>

<sup>16</sup> <http://www.un.org/en/genocideprevention/about-responsibility-to-protect.html>

Leone, Kosovo, degrading ISIL in Syria and Iraq and defending the chemical weapons ban in Syria more recently.

Those nations who have the capacity to provide assistance and enforce basic principles of human decency do have a duty to do so. An evidence-led, realistic approach to targeted intervention is part of the responsibilities that fall to mature democracies in the developed world with the means to act, such as the UK. But humanitarian intervention is not just an act of altruism to save lives internationally; it is a highly pragmatic act of long term self-interest for outward-facing countries seeking to defend a rules-based order. Constraining despotic acts and defending human rights also happens to bolster the rule of law, rights for trade and economic development and in turn the consumers, allies and stable neighbours of the future.

The irony is that a foreign and security strategy pursued as a community concern is actually the sort of mutual, cooperative – even socialist – approach that appealed to those in the centre ground for decades. After all, it was the initiative of the original Labour Party after the Second World War to advocate the creation of NATO that led to Britain’s long-term policy of collective security. Collective security is the rules-based pooling of resources between countries - and this therefore allows the UK to spend less on defence and more on domestic services than if we had to provide defensive infrastructure unilaterally. Alliances between nations is a prerequisite for a deterrence-based approach to collective security. For those in the centre ground who advocate international responsibility, collective security is therefore efficient, involves sharing ideas and sometimes compromise, functions in parallel to open progressive economies and is distinct from the narrower world view of those on the political extremes.

While the populists on the political extremes tend towards a more isolated nationalistic world view, efforts to coordinate international action between countries wishing to uphold mainstream values ought to be championed far more passionately by sensible governments. Is it really acceptable that the existing United Nations constitution allows just one country – chiefly Russia in recent times – to block the humanitarian efforts of the rest of the world? **The time has come for the UK to build a consensus for reform of the UN Security Council, exploring the option of a ‘super majority’ of perhaps four-fifths of permanent members to validate intervention in cases of urgent humanitarian emergency,** rather than requiring unanimous P5 consent. In a wider sense, for a tribunal to deliver justice, unanimity is not always a prerequisite, for example, a principle already established in respect of the majority verdict rules in the English criminal courts. If Security Council reform involves increasing the number of permanent members of the UNSC, then this could be part of the process.

We all share in the benefits of a global community; our interests are mutual. The principles of international responsibility and collective security shouldn’t be confined to tackling human rights abuses or political repression. There are important international objectives on climate change, trade and economic well-being, tax and financial services, public health and emergency rescue where the global community ought to be actively upgrading global alliances fit for the 21<sup>st</sup> century.

Britain's referendum vote to leave the EU is still in the process of parliamentary discussion, but that vote did not prevent UK parliamentarians from engaging with parallel institutions such as the Council of Europe or the European Free Trade Association through which the UK could continue to enjoy open trading relationships via the European Economic Area. The UK should also be at the forefront of a new international framework for handling and sharing refugees as they flee for their lives. If Britain is entering a post-Brexit era, then it has a responsibility still to offer leadership in Europe albeit in a different way.

Similarly, the UK ought to build on one of its most remarkable governmental innovations – the creation of a Department for International Development and the consensus around a 0.7% of GDP towards international aid – with a renewed commitment to achieving the 2030 UN Sustainable Development Goal of eradicating 'preventable' child diseases. Britain's potential role in worldwide health interventions should be even greater, and there would be political consensus for such action. For instance, the under-publicised largest child killer today is bacterial pneumonia, a cause of death for 920,000 children in 2015<sup>17</sup>. Redoubling support for childhood vaccination and preventing poor living conditions should be trail-blazed by those in the centre ground.

### CHAPTER 3 – EVIDENCE NOT IDEOLOGY

The battle of ideas isn't simply about competing visions or outcomes. It is also about the way the world is analysed, the process through which decisions are taken, and the means to the ends. Centre ground politics sees the world as it is today and then tries to improve it. Populists need to blank out the real world in order to make their ideology make sense. Those on the far left and far right ignore historical change because yesterday's conclusions have to remain eternally correct. They ignore science and they ignore experts, professionals and facts, increasingly discrediting these as 'fake news'.

So while this may seem like an obvious point to many people, in today's politics it needs restating: decisions on public policy should be grounded in truthfulness and merit. Decision-making should be supported by evidence, should be reasonable, conducted with professionalism and honesty, in compliance with the law, as open as possible, mindful of the efficient use of resources and free from conflicting interests. 78% of the British people believe that politicians should demonstrate their decisions are based on objective evidence and that professionals and experts should be consulted<sup>18</sup>.

As the UK Government Ministerial Code rightly asserts, policy makers should give 'fair consideration to informed and impartial advice' from officials and 'take decisions impartially, fairly and on merit, using the best evidence and without discrimination of bias'<sup>19</sup>. We are fortunate in the UK to have relatively high levels of integrity in public office compared with the experiences of other jurisdictions, but this should not be taken for granted.

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<sup>17</sup> <https://data.unicef.org/topic/child-health/pneumonia/#>

<sup>18</sup> Populus Poll August 2014 for Institute for Government Table 13

<sup>19</sup> <https://www.gov.uk/government/publications/ministerial-code>

The centre ground needs to guard against fanatical fervour and defend the basic tenets of good governance. More than this, there is a need to re-make the case for rationality, reality, what can be achieved and afforded and why.

### **Reason, science, human progress**

Instead of being governed by the loudest voice, or pushed around by the biggest threat or most powerful interests, we should surely cling to the hope that the careful examination of ideas and concepts by elected representatives – attempting to be as objective as possible in analysis of the facts – can determine the best course of action. Judging public policy through debate, listening to other points of view or using a Socratic method to explore hypotheses are increasingly unfashionable, but the ability to systematically test propositions and evidence and then justify conclusions public should be a cornerstone of how government works.

Progress for humanity is spurred on in many forms – innovation, trade, specialisation – but politics seems to overlook the crucial role of science in the advancement of society. Indeed, it can be argued that scientific advancement is just as important as resource availability in saving lives and improving living standards. Those on the extremes of opinion shun the ‘experts’, attach conspiracy theories or worse will reject mainstream medical practice in favour of the ‘unconventional’, in part because of a suspicion that conventional medicine is tainted by vested interests. In public health policy the debate is rarely about the quality of treatment but about either processes, budgets or managerial structures. Yet if we want to seriously weigh up what matters in driving human progress, say, in the field of health, then it would be foolish to ignore the crucial role that innovation has played in recent history. The advent of vaccination, antibiotics, midwifery, and clean water have transformed society in the past century alone. For instance, the breakthrough in producing liquid ammonia secured widespread crop production and the discovery of blood groups by Karl Landsteiner are two examples of science that have saved literally billions of lives<sup>20</sup>. But where is the public leadership driving forward science and innovation in healthcare? Mainstream politics needs to rediscover the potential of supporting scientific discovery to deliver social progress.

### **Creativity, learning, innovation and productivity**

In choosing an evidence-based rather than ideologically-driven approach to the world, those in the centre ground must do more to support a society where education, enlightenment and innovation are prized and encouraged. It is not enough to simply warn of the dangers of rigid, closed-minded attitudes. If society is not to be set in stone but spurred on to evolve progressively, the dynamic process of striving for productivity, creativity and ingenuity should be our focus.

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<sup>20</sup> [www.scienceheroes.com](http://www.scienceheroes.com)

The school and national curriculum emphasis on literacy and numeracy has to be supplemented with the equipping of young people for a rapidly changing world, where success will depend on the tools of curiosity, lateral and creative thinking and the confidence to be enterprising. We have to do more to improve the connections between young learners and business, industry and new growth opportunities, ensuring training and skills evolve alongside new market developments. The analytical capability to assess risk and a hunger to learn and devise solutions are areas where a public policy focus on the quality of teaching can make a difference. It is ridiculous that only 1800 children started a higher apprenticeship in 2016 and that apprenticeship figures dropped by an astonishing 25% in the year to February 2018<sup>21</sup>. Our vocational education system is also dysfunctional following years of neglect, reorganisation and deprioritisation for investment. Giving young people the skills they need to break free from the prejudices and expectations of others, to think and act independently, is a responsibility policy-makers have not taken seriously for too long.

Ministers should act now to close the financial literacy gap which exists in Britain today. If we want people to plan for their futures, have the capability to weigh up the costs and benefits at each stage of major life change and to challenge the appeal of populism, let's do more to teach young people about money and the real world. There are so many examples where we know financial literacy falls short; bafflement about pensions and long-term savings; a confusion about mortgages, compound interest and business planning and raising finance to invest; a misunderstanding of student 'debt' and how tuition fees are repaid or not repaid relative to future earnings. **Injecting financial literacy more effectively into the national curriculum has got to be a priority.**

For policy-makers we also need to rethink the governance environment in which can see long-termism win out against short-term political fixing. The history of British government is littered with examples of vanity projects, crude financial priorities and a neglect of patient investment in social progress and productivity. The Labour Government in 1997 made the right decision to put monetary policy on a path of stability with the independence of the Bank of England. The Conservative administration created the Office for Budget Responsibility in 2010 to improve transparency and challenge on fiscal policy. These reforms though are not sufficient. How does a rational decision-maker judge the right level of public investment? If we reject the notion that the centre ground is merely a blend between high-spend-left and low-spend-right, then we should design more effective means of managing the scale of state intervention relative to the pressures on the taxpayer, but consistent with the need to prioritise a smarter, more productive, progressive society.

Keynesianism sits close to the centre ground, advocating that the public sector should take a counter-cyclical approach to private sector fortunes as a means of providing stability; when recessions hit then governments should take the strain, and conversely when markets are doing well then that is the time to repair the public finances.

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<sup>21</sup> Department for Education figures 232,700 apprentices starting training in six months to February 2018 compared with 309,000 during the same period a year earlier.



The UK lags badly when it comes to supporting large scale capital investment in infrastructure, so we have ground to make up relative to other developed countries. The National Infrastructure Commission (NIC) was a step in the right direction away from political intuition on capital expenditure and towards a more analytical approach to the country's needs and value for money.

But now is the time to go further and **ask the Office for Budget Responsibility in conjunction with the NIC to design a long-term 'fiscal trigger' mechanism able to advise government on the level of stimulus that could be delivered over the medium and long term across a range of investment options**, so mMinisters can be better informed about how raising levels of capital investment can yield higher productivity and conversely, when curbing plans may be appropriate or reallocating resources if the stimulus is not delivering a requisite level of growth or tax receipts.

### Resisting outdated dogmatism

If the centre ground is to stand for sound decision-making, it must be more vocal about the dangers of rigid doctrinal attitudes and extremism in 21<sup>st</sup> century. The vast majority of British people dislike intolerant attitudes and prejudices. But the tendency for misplaced nostalgia and harking back to a 'golden age' can push politics into some undesirable places, as can a straightforward unfamiliarity of the mistakes of the past. When today's politicians talk about hyperinflation or the 'winter of discontent' they forget that you'd have to be older than fifty to have a realistic memory of the 1970s. So if we want tomorrow's decision-makers to learn from the mistakes of the past, we need to recall clearly why political ideologies of the far right and the far left have been tried and have failed.

We should never forget that communism and totalitarianism were responsible for mass misery – and the deaths of millions – because of enforced scarcity and the stifling of progress to the whims of powerful individuals. The suffocating nature of excessive central 'planning' invariably leads to rigid bureaucracy and the case study of Venezuela today is an example of the consequences that can follow, even despite a wealth of natural resources.

Centrally-ordained procedures for organising how people must live on the basis of political theory cannot hope to match the complex and organic realities of how sophisticated a modern society needs to be. The truth is that dogmatism cannot outperform the market pricing mechanism, which can outdo even the smartest central planner in the task of distributing and calibrating goods in exchange for a common currency. Yes the market does need regulating, but it should not be replaced. Those who wish to foment the overthrow of capitalism are either ignorant of the consequences of this or deliberately megalomaniacal in their ambitions, knowing full well the likely price to society.

The desire for state control of social organisation, under the guise of 'people power', can prove fascinating for those disenchanted with the harsh realities of life. Populist policies

can certainly turn heads and there is no doubt that ‘taking back control’ at one level has an immediate appeal.

Yet the public know, in their hearts, that there is no such thing as a free lunch. Take as an example the superficial attractiveness for voters of mass renationalisation. ‘Democratising’ the commanding heights of the economy by shifting control from the boardroom to the Cabinet room in Number 10 might at first seem attractive. However, any initial appeal can be somewhat dispelled if the costs and burdens of doing so to the taxpayer are brought into the equation. For instance, some calculate that the total cost of renationalising the energy generation, transmission and distribution could be of the order of £185 billion. This figure can feel meaningless to many people until it is placed in context; it would be enough to instead supply completely free gas and electricity to all UK households for more than the five year term of a Parliament, a manifesto policy which could have even greater superficial appeal to voters<sup>22</sup>.

The ability to appeal to an electorate, then, needs to make clear the potential costs or alternative choices that similar financial commitments could yield. While renationalisation would bring assets and revenues and not simply liabilities, an increased burden on the national debt relative to the rest of the world could add significantly to the costs of servicing that debt especially if markets perceive an increase in likely political risk of an unwillingness to honour obligations at market prices. Moreover, if there is to be a shift away from public private partnerships in certain core utilities, then those advocating permanent renationalisation also need to explain how they would access the private capital for infrastructure improvements that otherwise the taxpayer will have to fund.

This is not to say that the public sector has no role in the direct ownership of society’s necessities; the mainstream consensus around the role of state-coordinated health and education facilities remains both strong and justified by the inappropriate place for the profit motive and the inequity and costs of leaving individuals to make their own provision. However, the centre ground approach – taking each case on its merits – has to also point out where either an ‘ownership and control’ model or ‘laissez-faire’ approach could confine choices and not yield the best deal and best service for the taxpayer.

There are many other ways in which the objectives of democratic oversight, accountability and public benefit can be injected into the management of society’s basic utilities. Instead of mass nationalisation, Will Hutton’s idea for a ‘public interest company’ model looks a promising way to square the circle<sup>23</sup>. On the journey towards rebalancing functions in the public interest, improving the regulation of privatised monopolies should be the first measure to be tried and exhausted, not nationalisation. Cooperative restructuring, designed around mutuality and shared ownership, are also increasingly attractive ways to embed partnerships between investors, producers and consumers. For instance, more support to encourage cooperatives and social enterprises is needed to create a more level playing field. Before the ideological levers are pulled, there are other

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<sup>22</sup> 27.2 million households in UK 2017 according to ONS; average household gas & electricity bill in 2017 £1249

<sup>23</sup> <http://www.biginnovationcentre.com/purposeful-company>

steps including regulatory intervention and governance restructuring which can be explored.

A similarly hard-headed and practical approach should be taken with the commissioning of services on behalf of the taxpayer. It would be wrong-headed to take the view that all public services are better supplied by profit-motivated enterprises or, conversely, to take the view that no public function should ever buy-in expertise or specialist support from the private sector. It is sensible to have the option to contract for private sector supplying additional specialist services – but also sensible to continuously learn and improve commissioning. Failures occur in both the public and private sectors, the difference being is that failures in the public sector have more media exposure and consequences for a wider number of taxpayers and service users. A balanced approach to the use of private specialism and finance is required. Contracting with suppliers, in the right circumstances, can give real incentives to complete tasks on time and on budget – where in-house management doesn't always have such clear drivers. If the risks of failure and liabilities can be placed on private rather than taxpayer shoulders, there are advantages for doing so. But the lessons of private finance to date show that Ministers and commissioners must drive a hard bargain. Public accounting rules alone are not strong grounds for driving towards private finance, because in long run the taxpayer has still to pay the costs. We must remember that contracted services are funded by the public as well as used by the public; service users are the commissioners of the service and not just the recipients. An open-mindedness to the pros and cons of the role of private, charitable and third sector participation in our public services is needed, as well as a clear-eyed realisation that there is no substitute for an evidence-based, meticulous calculus in commissioning decisions, where past performance is not necessarily a guide to future outcomes.

## CHAPTER 4 – REPRESENTATIVE DEMOCRACY NOT POPULISM

The instant availability of information and communications at our fingertips is a challenge to the tradition model of democracy. Populism can galvanise the attention of millions in a matter of hours, while parliaments often struggle to schedule debates and legislation for months at a time. Yet a defence of representative democracy means remembering that, despite all the new technologies and information available, it is simply impossible for every single individual to determine the day-to-day operational governance of a modern complex country. There is still no viable alternative to the delegating of our individual sovereign rights to elected representatives and upholding the principles of parliamentary democracy. For all its many flaws, Britain does this reasonably well.

We cannot foresee all the decisions that our representatives will need to take at each election – so the party-political manifesto can only ever be a guide. Electing individuals to use their own judgement, instincts, pursue their values and be held accountable is the essence of our representative system, and there are dangers when the political party begins to overtake the bond of trust between a representative and the electorate at large. If those elected representatives can build alliances and groupings with others, then a majority can implement significant change. But if those individual representatives have

to choose between loyalty to party interests or loyalty to constituent interests, choosing the latter is the right thing to do.

### **The responsibilities of elected representatives to citizens**

It is no coincidence that as the reputation of MPs has fallen, populism has grown. So those in the centre ground have a responsibility to revive faith in representative democracy as part of the antidote to the rise of more extreme alternatives. The basic duties of representatives to uphold the law, put country and constituents before private and party interests and behave with probity and integrity are all essential clauses in the unspoken 'contract' of trust with electors.

A process of accountability and dialogue with constituents is essential, with an openness about all decisions and a willingness to give reasons clearly and transparently for those decisions. Ultimately each elected representative must use their judgement and be willing to explain how those judgements are formed. Clearly MPs must not be paid advocates or bribed in their decisions – but this should also extend to avoiding conflicts of interests as well.

MPs should resist organisations that try to displace the wider public interest by exerting their own narrower financial or political influence – including through their local parties. The disproportionate influence of a minority of people on the actions of elected representatives should also be guarded against. Even a small number of activists have the simple ability to hijack local political parties and attempt to distort the behaviour and judgement of representatives whose duties ought to be to the community at large. By their very nature, political activists arriving from the edges of the political spectrum will try to subvert the centre ground of politics and it is unreasonable if they receive disproportionate attention simply because of the volume of noise they can create. There are clear dangers if elected representatives delegate and give away their decision-making responsibilities to a small number of activists rather than pursuing the interests of their constituents as a whole. For instance, if MPs no longer have a choice over who leads their grouping within Parliament this can create a significant constitutional malfunction and conflict of interests.

Parliamentary reform is at the heart of rebuilding faith and confidence with voters. British politics neglects so much of the country beyond London and this is especially true in the hierarchies of the main political parties. Public appointments shouldn't just reflect the demographic nature of the population on the basis of gender and ethnicity but also reflect the need for fairer regional representation. The second chamber in Parliament could be reformed with a fairer representation of the elected bodies from each of the nations, regions and local government. The genuine devolution of decision-making would build in safeguards against the 'elective dictatorship' risk in our constitution, where true localism and real powers for elected mayors with clearer accountabilities to local residents could revive interest in grassroots decision-making.

The convoluted commissioning structures of the National Health Service have now rendered the organisation hardly accountable, with even MPs told that the Secretary of

State doesn't make key decisions. This is completely unacceptable, especially given that NHS budgets are today greater than local government spend. **NHS commissioning should have a far greater role for elected local government**, with powers to co-opt medical professionals locally to achieve the appropriate mix of expertise and accountability.

Trust in the public realm isn't just about Parliament, it must also extend to other public institutions including schools, universities, and the police and justice system. The centre ground should safeguard and continually improve the level of trust in and quality of these institutions. For example, we take the BBC's role as a trusted and independent institution for granted, but it is continually attacked from all sides of the political spectrum. Left to the free market, this public service broadcaster and its particular duty to 'inform, educate and entertain' would diminish significantly if commercial considerations were to solely dictate output. The centre ground must defend the independence of institutions like the BBC, which are the pillars of a pluralistic and diverse dispersal of interests in society. It's for these reasons that the BBC is – despite recent difficulties – still so widely respected, with 63% of the public agreeing that the BBC is 'well run'<sup>24</sup>.

Trust in elected representatives is eroded by many things, but dishonesty is probably the most corrosive. For the centre ground to recapture the public's enthusiasm, it must demand honesty from the populists and dispel the myths and illusions they peddle. It is difficult, if not impossible, for the realistic and responsible politician to 'out bid' a populist in the immensity of an electoral promises. Populists can promise the earth without ever worrying about how it need be delivered, because there is always someone else to blame, and someone else to demonise for not paying for their policies.

Real politics is sometimes about saying 'no', and not always saying 'yes', and most people recognise and respect this. Voters should beware of the politician acting as Santa Claus, and those in the centre ground should not be tempted down that route. The nature of balancing responsibilities and focusing on the long-term means that when a policy offer is made, it needs balancing with an honest explanation on how it can be delivered. This is why the centre ground should guard against wish lists which look cost free. For instance, instead of promising plainly "we'll raise levels of pay", far better to explain "we'll raise pay, but those who can find work should do so".

In the long run, the public will become deeply cynical of politicians – and of the notion of active government – if we cannot find ways to explain the limitations of public policy and the finite nature of the public purse. Sometimes politicians have to say 'no' and be mature enough to explain why choices and trade-offs are unavoidable in the real world. This is very hard but fundamentally the public do understand and respect straightforward honesty even if it is difficult to convey.

<sup>24</sup> <http://www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-30/key-findings/trust-politics-and-institutions.aspx> 2012 British Social Attitudes Survey

Public opinion is overwhelmingly of the view that political parties are wrong to make un-costed pledges that might not then be fulfilled in office; 85% of the public believe politicians should not make promises unless they know that they're affordable<sup>25</sup>.

Mainstream Britain is yearning for representatives who will be straight with them about the problems we face. They don't want sweeping theorems that promise revolution and the overthrow of the entire world order<sup>26</sup>, nor do they believe in a magic money tree. The public want politics that focuses on the long-term, that makes realistic promises that can be fulfilled, that cares about how policies will be delivered and they want best value for their taxes<sup>27</sup>.

### Citizens have responsibilities too

Britain's system of parliamentary democracy has stood as the envy of the world for good reasons. The act of election and voting, though, is just the pinnacle of a democratic system. It stands on top of other vital issues like the rule of law, not persecuting minorities, no retrospective punishments. Populists break these rules and history shows that democracy fails when that happens.

Voting in a democracy is not the pain free experience that voting in 'X Factor' suggests it is. Democracy has to be a conversation not just voting in a talent contest. Nobody is just a viewer; we are all players. So politicians also have to explain consequences and citizens have obligations to fulfil to one another as well.

The responsibility to participate is a question that the centre ground ought to address. The notion of a 'silent majority' can only really thrive in a fully functional representative system, where MPs speak out for those who are instead focusing on the daily tasks of family, work, and life in general. If the thread of accountability for MPs becomes diverted from the public at large and instead turns to face narrow interest groups or political factions, then the voice of the mainstream can be subverted. Political parties provide a useful shorthand for members of the public at elections, assisting with the choice of candidates who coalesce around a particular set of principles. But party activists represent a tiny percentage of the population and there are risks if they insist elected representatives place their demands ahead of the interests of the wider public.

To guard against this risk, wider public participation and a true impression of mainstream opinion must be amassed at elections. It is not unreasonable to expect each citizen to take an active interest in the fate of the wider community. The alternative is that political parties themselves become the unit of democracy, where real power lies within the

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<sup>25</sup> [http://www.populus.co.uk/wp-content/uploads/2016/01/Populus\\_IfG-Government-Policy-Polling\\_Data-Tables.pdf](http://www.populus.co.uk/wp-content/uploads/2016/01/Populus_IfG-Government-Policy-Polling_Data-Tables.pdf)

<sup>26</sup> YouGov poll Feb 2017 – 54% of public believe 'system works fairly well and only needs minor reform or that system works badly but if we elected the right people, they could put things right' versus 31% who believe 'system is broken and it would take a total change of system to put things right'.

<sup>27</sup> [http://www.populus.co.uk/wp-content/uploads/2016/01/Populus\\_IfG-Government-Policy-Polling\\_Data-Tables.pdf](http://www.populus.co.uk/wp-content/uploads/2016/01/Populus_IfG-Government-Policy-Polling_Data-Tables.pdf)

hierarchy of party activism and a self-selecting group wields disproportionate power relative to the wider electorate.

Just as jury duty and paying into the ‘common pot’ through the tax system are obligations we must fulfil as part of citizenship, so too **we should now consider the scope for compulsory voting in the UK**. As long as there is provision for abstention, returning a ‘blank’ ballot paper and the expressing disenchantment with any and all of the candidates and parties seeking election, there are no insurmountable obstacles.

Today’s mono-cultural social media echo-chamber tendency can fuel narrow-mindedness and severely erode even the *opportunity* to hear other points of view. We should take great care to defend social integration, including online, as an antidote to prejudice and extremism, and resist an increasingly intolerant society where empathy with others is in danger of fading away.

Alongside the responsibility to participate in democracy should be a responsibility to conduct a civilised discourse. Social media is an amazing resource for information, news and public discussion. But it can also be manipulated by malevolent individuals who could not hope to get away with equivalent abusive behaviour openly. The level of racism, misogyny and abuse on Twitter, Facebook and other social media has reached epidemic proportions. A recent poll reported that almost half of all girls and 40% of boys between age 11 and 18 have received harassment online<sup>28</sup>. The Crown Prosecution Service have said they are planning to treat online hate crime in an equal way to physical offences.

‘Cyberbullying’ thrives because the abuse can take place without the perpetrator sacrificing their anonymity and continues beyond one physical environment, following a victim around and occurring in front of hundreds or thousands of other viewers. Online intimidation also threatens to poison our democracy, brutalising spaces where most people would expect respectful and orderly dialogue. Accounts can be set up with no checks or requirements for verification. If a small business were to set up shop on the High Street offering to post poison pen letters to hundreds of people in a neighbourhood it would be unconscionable – yet this is not far from the facility that the major social media firms offer today.

The challenge of regulating global social media companies is well known, so a new multinational body should be created to keep pace with the significant and virtually untrammelled powers of the major social media conglomerates. A **United Nations Internet Safety Agency** should be created with a particular remit for child safety, anti-harassment and accountability of social media. It is bizarre that the strictures of regulation governing content and fairness in broadcasting are completely absent from online media channels. Moreover, the time has come to seriously consider **banning anonymous social media**, especially as most platforms openly admit they do not enforce identify verification for multiple and frequently pseudonymous accounts. Those against such a reform argue that activists in oppressive regimes and whistleblowing will be harmed if anonymity is curtailed – but it is preferable for social media regulators to design exceptions than to

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<sup>28</sup> Opinium survey for Plan International UK August 2017

continue with the damage being done from such widespread, unaccountable and irresponsible abuse. Liberty must be safeguarded, but society rightly places responsibilities on the use of freedom. There are limits on incitement, false and libellous statements, obscenity and offensiveness and these limits should apply both online and offline.

## CHAPTER 5 – OPPORTUNITIES NOT PRE-DETERMINISM

Despite great strides in widening educational and economic opportunities, there remain significant inequalities in our society which unfairly bar those with great abilities from fulfilling their potential. British politics is losing sight of the battle to give everyone the opportunity to succeed and prosper. True equality of opportunity will only come if society can remove barriers of prejudice and discrimination and provide individuals with chances to attain life's basic essentials and the tools needed to open new doors. As Hillary Clinton remarked: "Talent is universal, opportunity is not."

Public policy is only one part of the equation. Individuals need to seize their chances. There is a crucial difference between liberating individuals so that they can succeed and making assumptions about what people want. Those on the extreme right take a Darwinian survival-of-the-fittest approach where fate cannot be interfered with; on the extreme left, the overweening State mandates where people live, how they should work and what they should earn.

Instead a centre ground approach means empowering individuals with the springboard to achieve, with a responsibility on those individuals to take up opportunities with the help and support they need to do so. If public policy can provide scope for new opportunities, individuals need to be helped to be confident, willing and equipped to grasp them.

### Empowerment

Having sufficient resources matters; to focus on career advancement, learning, wellbeing, support one's family and provide childcare. Yet today's debate on resources is focused almost entirely on the deterministic *distribution* resource rather than making sure everyone has *enough to succeed*. The opportunity to fulfil individual potential can be unlocked by adequate resource availability but it isn't the only thing that matters. The individual's motivation and abilities also come into play – which is why there is a subtle difference in emphasis between those on the centre left who aim for equality of opportunities whereas those on the hard left focus on equality of income.

Where there is *unfairness* in the distribution of resources, it should be tackled. But equalising the sums of cash between everyone should not be the primary objective; instead it is the well-being of every citizens and the chance to unlock opportunities which should be the outcomes to aim for.



A decent welfare safety net matters here and ensuring individuals have the basics needed for a decent life – housing, health, sustenance, adaptation for disability – are precisely the consensus policies that have endured since the post-war Labour Government. The public are rightly angry with those who would erode these basic pillars of social security. Beyond a sufficiency of resources, the public want individuals to work, to earn, not to depend on the communitarianism of other taxpaying citizens unduly. At the fulcrum of this social contract is this notion of fair play and sufficiency, and sadly those on the extremes of politics fail to understand why this is.

Empowering citizens to seize opportunities means not just offering a new chance, but relying on their individual willingness to fulfil their side of the bargain. Sometimes people can lack the self-belief to take on a new chance. Teaching self-confidence from a young age is often seen as the crucial advantage given to those in private education and in state schools we have got to do more to raise ambitions, give children a taste of where their lives could lead and encourage aspiration. Fear of failure is a psychological glass ceiling which holds back so many – which is also why society should actively encourage a degree of risk-taking and not unduly punish those who try and fail.

Oracy – the ability to speak and listen well – is a neglected priority in too many schools. If we want to generate confident and articulate individuals capable of grasping new opportunities, who feel able they are equipped to take on significant roles in society, then oracy needs to stand alongside numeracy and literacy in the classroom. Some schools are pioneering new techniques<sup>29</sup>. Employers frequently cite communication skills as a priority for recruitment as they seek staff with problem-solving and evaluation capabilities. Teaching fluency, turn-taking and tactics to convey meaning are all basic resources for a life of new opportunities. **Oracy should be a core component of the national curriculum for all pupils** and especially for those in schools in areas of higher deprivation.

Empowerment is an ongoing challenge, not a pursuit restricted to those in early life. As discussed later in this pamphlet, empowering individuals mid-career with the skills to adapt to new technology will need to be a far greater policy priority in the years ahead. Government policies on skills and training are totally unprepared for this. There are other key building blocks where policy-makers must do more to provide individuals with the decent foundation needed to take on new opportunities.

With demand for housing persistently outstripping supply in the UK – especially in London – it is no wonder that the challenges of affordable home ownership has risen up the political agenda. Those on the political extremes either deny the role for social intervention in what they believe is a purely market-based issue, or decry the notion of ‘ownership’ in pursuit of blanket state provision. The centre ground must stand up for the opportunity to secure a decent home and obtain a decent standard of living and the right to start a family in a stable environment. A combination of strategic planning, investment in infrastructure and more astute partnership with the construction sector – together with modernised access to finance – is the key to providing a greater level of choice and

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<sup>29</sup> <https://www.voice21.org/>

diversity in housing. For those who rent, new rights for security and against exploitation are needed.

Through our work pension schemes, the majority of us are shareholders in corporate Britain, yet we do not get any sense of empowerment or accountability over how private industry should develop. Layers of intermediaries and paperwork have been used as excuses for preventing the exercise of these rights of ownership. However, new financial technology is rapidly providing opportunities for individuals as part-owners of companies to exercise their judgement on corporate policy or holding asset managers to account for the investment and governance decisions made traditionally on their behalf. Rejuvenating active interests among the pension-owning public in the stake they have in the economy could also help inform people about how markets work and why businesses act as they do.

### Merit & social mobility

Merit is at the heart of our sense of fairness, governing whether we feel people are getting what is deserved, or taking what is undeserved. Most people feel that a fair reward should be given reflecting the merit of the individual's effort and input. But matching rewards to an individual's merit is not easy to legislate for; is it simple to explain why we routinely balk at the idea of £150,000 for a local authority chief executive but seem content when a sportsman receives £150,000 each week? There is fine line between 'earned' and 'unearned' rewards which distinguishes between those that the public feel 'deserve' significant remuneration, versus those who they feel do not. Policies which support a merit-based system cannot neglect the question of 'fair pay'. The drive in recent decades for a minimum wage and then the 'living wage' was not simply about tackling poverty - it was also driven by a sense that the hard work and efforts of too many people were not fairly reflected in pay policy.

Where talented people are neglected because they never knew how to 'play the system' or were never taught how to present themselves to employers, their unrevealed merits count for little and they can remain stuck in circumstances from which they could otherwise have escaped. Rather than making internships harder, wouldn't it be more imaginative to provide a tax break for successful employers that offer short work placements to students about to leave school, the value of which can be passed on to cover that student's costs of fulfilling the internship? Shouldn't we be devising new ways for new parents to take family breaks and return to work with adequate hours and childcare flexibility, so that they can pick up their career progress where they left it? Could we do more to help make academic progress a reality for those with the ability to specialise, including greater support for postgraduate learning?

"An Oxford degree does not just open doors, it is a conveyor belt to top jobs in government, the media, law and business" said David Lammy recently<sup>30</sup> in his campaign to increase diversity and access to the UK's top universities. With over four-fifths of Oxbridge places going to the top two social classes and one in four colleges failing to

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<sup>30</sup> Financial Times 28 May 2018

admit a single black student in one of the past three year groups, it is clear that the best opportunities are still not available purely on merit. While university access across the board has improved in the past 20 years because of the removal of the cap on student numbers, postgraduate opportunities are still limited. Oxford and Cambridge also continue to abuse their position by awarding a ‘free’ Master’s degree to their graduates six years after graduation (although sometimes they require a £10 fee!). Whereas other students have to study and pass an examination to obtain their MA, Oxbridge operates this arcane arrangement which can give those untutored in this special privilege the impression that an individual or application for a post not only graduated from a leading institution but has obtained a postgraduate qualification. If we want to reflect fairly on the achievements of those who have studied and earned their own Master’s degree, **the unfair privilege of the free MA Oxford & Cambridge degree should be abolished.**

We should all want to help people better themselves, make progress from where they started life and move out of relative disadvantage to relative success. But social mobility is a ‘Cinderella’ ambition for too many policy-makers, some of whom pay lip-service to this goal while others seem to revel in reinforcing class identities rather than seeking to break free from them. Social stratification is the antithesis of how a fair, open and opportunity-based society should operate, yet we appear to be going backwards in recent times and those on either end of the political spectrum seem intent on accentuating division.

In 2017 all four members of the Government’s Social Mobility Commission resigned citing lack of progress on a series of metrics. They reported stagnation in the labour market in terms of a move away from low pay, a housing market where home ownership is falling dramatically especially for under 45-year-olds and an education system where social class is still a marked determinant<sup>31</sup>. Added to this, the geographical divide in Britain’s social mobility map is more stark than ever; Nottingham city is among the worst ten percent of all local authority areas on a range of social mobility indices, especially in early years, ranked as the 13<sup>th</sup> worst ‘cold spot’ area compared to the 13 best performing areas, which were all London boroughs. We have got to refocus public policies that remove structural disadvantages for certain areas of the country, certain neighbourhoods and do more to connect the next generation to educational and career development opportunities.

### Vitality and good health

The opportunity to fulfil one’s individual potential to the fullest isn’t only about resources – it is about having the health and ability to take up those opportunities. Britain’s National Health Service has created a revolution in personal opportunities since its creation after the Second World War. Equal access to decent healthcare can provide a new lease of life for those who, in generations gone by, would have otherwise descended into illness, infirmity or premature death. It falls to the centre ground of British politics to find a way through the highly partisan fight about health and social care, where a cross-party

<sup>31</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662744/State\\_of\\_the\\_Nation\\_2017\\_-\\_Social\\_Mobility\\_in\\_Great\\_Britain.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017_-_Social_Mobility_in_Great_Britain.pdf)

consensus is clearly the only practical way to secure lasting improvements in funding and quality.

The joint efforts of Liz Kendall, Norman Lamb and Sarah Wollaston from across three political parties to press the Government to establish **a cross-party commission on health & social care sustainability** are to be commended. Without some restraint on short-term politicking, it will be too easy for governments to be deterred from taking difficult decisions and for opposition parties to be frightened of proposing bold long-term reforms. The financial challenges are considerable, as a recent joint report from the Institute for Fiscal Studies & Health Foundation illustrates<sup>32</sup>, but there are some options for raising greater resources – including **equalising tax rates for dividends income with earned income, generating an additional £5.9bn of revenue, equivalent to nearly four percent of the NHS budget** as set out earlier in this pamphlet.

New opportunities for all citizens will be created if we can settle the NHS on a sustainable path and focus on innovation in the quality of healthcare, reforming the service to meet the needs of today's patients. Serious efforts on public health and preventative care should match the demands of modern living. Advances in genetics can equip patients with information and careful policy development is needed now to consider how genome sequencing data should be used and shared. Antimicrobial resistance remains a major public health challenge, especially as new antibiotic capacity is so limited in the near future. The fight for health opportunities requires real leadership and new thinking from Britain's policy-makers.

## CHAPTER 6 – FOCUSING ON 21<sup>ST</sup> CENTURY CHALLENGES - NOT 20<sup>TH</sup> CENTURY NOSTALGIA

The backward-looking nature of British politics today is equally depressing and frustrating. Whether the right-wing Victoriana harking back to a supposedly golden age of British Empire, or hard left stale debates about the appropriation of the means of production, you'd be forgiven for thinking that the 1950s or 1970s were being advanced as halcyon days to which we would want to return. Genuinely relevant politics must surely focus relentlessly on the challenges we face going forward, not planning to go back in British history.

### Progress for the next generation

The debate about how public policy can promote a fairer settlement between the generations in society and support social mobility is of growing salience. The recent report from the Intergenerational Commission<sup>33</sup> set out a clear analysis of the differing fate of those born in the 1980s versus those from the 'baby boomer' era. The mainstream

<sup>32</sup> <https://www.ifs.org.uk/uploads/R143.pdf>

<sup>33</sup> <https://www.intergencommission.org/>

instincts of the public correctly value the notion that the next generation should have a better life than the one preceding it, yet this is not going to happen by accident.

Happily, generational progress can also flow from the pursuit of other principles relating to mutual social responsibility, fairness, social justice and economic sustainability. For example, partnerships between public and private sector to deliver large-scale affordable housing in areas of high demand could transform the prospects for under 40-year-olds and their families and have widespread public support<sup>34</sup>. And a rediscovery of the power of high quality teaching, in the classroom and in higher educational institutions, could endow the next generation with the tools they need to be creative and inventive, but also cope with hard times as well. It is astonishing that financial literacy levels are so poor still in the UK, with young people leaving school with such a poor grasp of the information they will need to prosper, such as how a company is formed, how a pension or mortgage work, let alone how compound interest operates.

But while there is clearly a space for tailored policy interventions, we shouldn't neglect the wider macro-economic pool through which a rising tide could raise all boats. A serious focus on Britain's productivity growth would lead to new opportunities for young people, the chance for inventiveness to flourish and scope for tax revenues to be generated and targeted at inter-generational fairness. Importantly, if those in the centre ground fight to maintain our global interconnectedness and cherish the frictionless trading and employment links with our nearest neighbouring economies, then the future for young people will be far brighter than any one-off policy change could deliver. This should be very much at the heart of today's Brexit debate.

The levers available to the Chancellor of the Exchequer here should not be ignored. A fairer approach to taxing inherited wealth has to be part of this equation. One of the perennial tricky issues right at the centre of the political spectrum is the question of inheritance tax. On the one hand, unearned inheritance on the basis of lineage should not be a cornerstone of a merit-based society when resources are needed for the 'common pot' to boost opportunity for all. Yet is it really that unreasonable for hard-working families who save and pay taxes on their income in the first place to want to pass on some of the fruits of that labour to their children and loved-ones? The centre ground solution should lie in framing inheritance tax in the fairest possible way, so that a reasonable and genuine endowment for future generations can be gifted but excessive tax sheltering of inter-generational transfers should be curbed.

For example, the original purpose of inheritance tax 'business property relief' was for small family firms to be adopted by the next generation following the retirement or death of a family founder – not an unreasonable provision in the tax system. However, this has since ballooned into a significant loophole where £710million of relief for 'business property' and £515million for agricultural property<sup>35</sup> is awarded each year – exemptions that have expanded way beyond that core notions originally envisaged. Why should these

<sup>34</sup> YouGov survey Oct 2014 'where should investment come from (for new developments): 52% prefer 'a mix of both' private investment and public sector through taxation investment.

<sup>35</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/675345/Dec\\_17\\_Main\\_Reliefs\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/675345/Dec_17_Main_Reliefs_Final.pdf)

assets be excluded from inheritance tax when others are not? Business and agricultural property relief should be radically scaled back and if anything needs to remain it should be significantly re-focused on SME inheritance where there is a clear family connection.

### **Productivity: living standards, infrastructure & skills**

We must keep a close watch on the fair *distribution* of wealth, but even more important is to spur the *creation* of wealth. Those on the extremes of politics seem to yawn at the boring discussion of productivity, innovation and economic growth – but if it's policies of real magnitude we're looking for then creating wealth and progress for the majority shouldn't be overlooked. We continuously debate the need to raise low pay for both public sector and private sector workers in Britain, yet the best way to achieve this is by ensuring that output grows for each hour worked in our economy, generating the new resources to tackle the greatest needs in society.

The Nobel Prize winning economist Paul Krugman had a point when he said “productivity isn't everything, but in the long run it is almost everything”, because output per hour worked is the main force behind growth and prosperity. This is where the centre ground of politics can overlap with the economic engine of society, not dreaming up theories but rolling-up-sleeves and cooperating in practical ways to support entrepreneurs in creating the things that drive prosperity. Real world economics meets real world politics. And there is a massive urgency for sensible policy-makers to get to grips with this; since the financial crisis a decade ago British productivity has been virtually stagnant. One clear contributor has been the fall off in company capital spending which almost mirrors the post-2008 stagnation in productivity, with a rise in single digits compared to the 60% recovery after the 1980s downturn and a 30% increase after the 1990s recession. Business investment – both in equipment, new production process technology and intellectual skills – has taken its toll. The latest evidence suggests this isn't just a problem in industries that are coasting, but even some of Britain's best performing companies are failing to prioritise new investment and productivity.

If decision-makers view the solution as either purely statist or conversely purely a matter for free market correction, we will never create a conducive environment for productivity to return in earnest. The centre ground solution must be for public policy to foster the right incentives so that new business investment can be unlocked, confidently and sustainably, working in harmony with the innovative ambitions of the private sector.

### **Globalisation**

As we enter an unprecedented period of intense and global connectivity, we have a duty to take stock of our place in the world and how we plan to succeed for the rest of this century. Britain's economic advantage comes in part from our preferential access to the large trading blocks of the world, where our open, liberal and well-regulated markets attract inward investment and have been a bedrock of growing prosperity for generations. Reforms are definitely required, but a sweeping characterisation of Britain's economic position as 'evil neoliberalism' isn't just an uninformed generalisation, it is a malign attempt to trash all corners of mainstream business as somehow complicit in negative

behaviour. It is business and science in partnership with government that drive our collective prosperity. Monopoly abuses and exploitative activity have to be rooted out – but we can be proud of the constructive and positive role that British entrepreneurialism and industry play in a global economy, especially when there are far less respectable and responsible participants beyond our shores.

If it's progress for society we all want to see, then just pause for a moment with the disparaging of 'globalisation'. The pace of change does indeed create problems, but the gains from international connectivity have been phenomenal. Trade policy has brought fantastic new products and services to households and we take for granted the ability to purchase well-regulated and safe goods in our local shops. Trade has led countries to specialise in where they excel, deepening the quality and calibre of output and driving efficiency and affordability. Facilities like the domestic washing machine that would have been a luxury commodity fifty years ago are today commonplace. Trade policy has also been a driver for progressive well-regulated industrial practice worldwide, as wealthier countries place increasing conditions on the social, employment and environmental practices before trade can take place. The advent of the internet and smart phone hasn't just reduced the cost of information – it's now available for free! As both far left and far right connect around the back in choosing economic nationalism and protectionism, the centre ground needs to take the long view and promote the benefits of free and fair trade.

But it is the precipitous rate of technological development and globalisation that have churned the nature of employment and production, from what were rates of transformation that once occurred inter-generationally to now *intra-generational* change. When occupations and skill sets are developed at this pace and then superseded within the course of one lifetime, individuals can be left behind. This requires a massive effort to cope with the speed of transition – which is discussed in the next section of this chapter.

On multinational company governance, it is increasingly clear that national jurisdictions cannot cope adequately with the arbitrage of international corporate behaviour. We are going to need a wholesale rethink of our tax base from country to country, and in all likelihood generate more taxation revenues to help with the rapid pace of transition. For a start we should consider seeking as widespread **international agreement as possible on a 'floor' on corporation tax rates**, to prevent a tit-for-tat downward spiral of anti-tax competition – and also **an international anti-tax-haven body** so countries sharing our values can isolate those playing the system.

Alongside efforts to prevent tax haven behaviour in the developing world, new **incentives should be given via the IMF and UK Department for International Development for 'rule of law' improvements in developing nations**, to help create the bedrock needed for their long term stable investment and growth.

Whether Britain finds itself outside the European Union or not, we will need to take a more active role in global trade and enterprise policy for the 21<sup>st</sup> century. Brexit has focused minds on how our economy is 80% services based, yet world trade policy and the WTO structures are far too limited to trade in goods. Britain and the European Union should

expect better than the informal series of Basel committees on financial services to govern and promote regulatory harmonisation worldwide.

There is a need for a **new treaty-based international organisation to referee services trade especially banking and finance** and discussions should be driven to determine whether the WTO or some other forum could deliver this.

The centre ground should pursue a balanced approach to open and liberal trade, protecting against ‘dumping’ and championing an international rules-based order. While those on the hard left and hard right are increasingly opting for mercantilist nationalism as the basis for industrial policy, those in the centre ground should devise fair rules that respect the gains of free trade while making sure that trade is fair and in the best interests of the country as a whole. We should be open to foreign ownership and international investment in British assets but we must ensure that fair and commercial terms apply and are reciprocated in the country of origin. Rules should also safeguard against the unfair ‘gazumping’ of Britain’s new start-up innovators as a backdoor means of thwarting new international competitors.

The UK should consider establishing a **‘Committee for Foreign Investment in Britain’**, modelled on the Committee for Foreign Investment in the United States, to provide an extra layer of scrutiny in proposed foreign buy-outs of UK enterprises, checking not only that national security interests are preserved but also that the investor is not surreptitiously controlled by foreign state interests as part of a nationalistic economic expansionism by that country.

## Technology and the skills to adapt

Interwoven with the globalisation challenge is the power of new technology to radically transform all our lives. Riding this information revolution is no simple matter for domestic policy-makers but it is creating real upheaval especially where traditional industries become rapidly obsolete or previously labour-intensive processes can be automated.

As we move increasingly toward an economy of minds rather than hands, the priority should be helping those losing job opportunities to open new doors. Yet the Government’s response has been lamentable and unimaginative, with little sign of new thinking elsewhere across the political spectrum. In terms of improving skills in the UK, the apprenticeship levy scheme has failed to deliver significant outcomes as companies either write off the levy as a tax or distort the scheme by rebadging existing training or even directing resources at senior management personal development activity<sup>36</sup>.

Stronger incentives are clearly needed to ensure companies radically invest in skills development. Intervention to help citizens adapt to the changing economy is the appropriate policy response, rather than a ‘Luddite’ resistance to change from one end of

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<sup>36</sup> Department for Education figures released in January 2018 show 114,000 apprenticeship starts for quarter one of the 2017-18 academic year, a 26% fall from the 155,000 in the corresponding quarter of 2016-17.



the political spectrum, or a shrug at the consequences of market forces from the other end.

The centre ground response must be to prepare for the major reskilling of the population during the second halves of careers, because technology is making the first career disappear before the age of 65. The pace of change is now so fast that the skills acquired at the beginning of a working life may well become obsolete mid-way through the time at work, requiring a refresh for individuals in their 40s, 50s and even 60s. Given how quickly new techniques need to apply for products and services, this can only be done in genuine partnership between the public and private sector

Delivering new skills to help those displaced by automation and technology find decent alternative work must be at the forefront of a centre ground economic strategy, because the need for fulfilling and meaningful work is so crucial to our human purpose.

Where Britain finds new trade or tech dividends, these sums should be earmarked to cope with the hard transition from old to new industries. For instance, if the state receives a 'dividend' from new technological innovation (for example, through the sale of spectrum rights to the smart phone industry) then a 'sovereign wealth fund' to help finance mid-career reskilling could be established.

Ministers and industries should co-design and finance a serious **20-week retraining sabbatical for those in need of a mid-career skills boost** 'slingshot', accompanied by a stipend grant to sustain those individuals during their time retraining on such a programme. Support for these new skills could be accompanied by a serious **tax break to help those individuals with relocation costs** if they are seeking new job roles across the country.

As an answer to the increasing insecurity of short-term contracting, **new incentives for firms that create secure jobs should be developed**. Companies that offer long term secure career contracts to their staff should have this commitment reflected in a company tax break.

Technological developments bear down on old ways of working, but open new opportunities too. Big data is a concept that the vast multinational industries are pouncing on, yet our individual data is now a key commodity and others are trading it – and making significant sums from it. Instead of releasing the anonymised accumulated data statistics to the private sector for free, Government should consider whether to charge for the use of the community's information. Data is the new oil in this technological revolution, and the big 'FAANG' firms need to contribute more to society's development, and be regulated effectively so we can each know what information companies are using to advertise to us. As discussed earlier in this pamphlet, there is an increasing need to hold these massive data platforms to account for trolling, impropriety and incitement – a task in the 21<sup>st</sup> century that broadcast regulation was during the 20<sup>th</sup> century.

Government must stand up confidently to the technology revolution so that society is not ripped off but benefits properly. In the provisions of our public services, only by embracing

the new productivity gains from technology can we keep up with growing demands with limited resources.

Take for instance the debate about the future of the NHS. We have to identify new resources for both patient and social care and efficiencies provide some of the answer here. But it will be through new technology and even ‘artificial intelligence’ (AI) in healthcare where every pound of taxpayer investment can go further and patients get better results. Diagnosis and case management is already being improved by assistive online applications, but AI can increasingly release clinician time to instead focus on the really important qualitative issues, while software innovation can undertake triaging activities, scanning retina for early onset Alzheimer’s disease or imaging of the body identify likely skin cancers. The potential for AI to unleash a new wave of productivity could help us afford the improvements in clinician-patient relationships which are currently so overstretched.

## Longevity

The debate about an ageing population and its policy consequences will be familiar to many. When our welfare state was designed after the Second World War, life expectancy for was 63 years for a new-born male and 68 years old for a girl. Today a new-born baby boy can expect to live beyond 79 and a girl past age 82, a third of whom have a chance of surviving until at least age 90<sup>37</sup>. While this is fabulous news, these extra 14-16 years of typical life expectancy have turned public policy on its head; where once we worried about infectious diseases as the primary task for the new NHS, today it is long-term chronic conditions which dominate – diabetes, heart disease and dementia. This shift from ‘cure’ to ‘care’ accounts in large part for the massive change in proportion of public services budgets spent on health; in 1955 11.2% whereas today over 30% spent on the NHS, according to the IFS.

The actuarial ‘rule-of-thumb’ suggests that a sustainable state pension requires the population to work for two thirds of their adult lives in order to finance one third spent in retirement. Similarly, experts suggest roughly two-thirds of a final salary is needed to maintain lifestyles once a retiree stops working. It is not surprising, therefore, that the state retirement age has increasingly looked like a moveable feast. Yet the increased cost of living pressures on younger generations in particular has made savings and pensions difficult to prioritise.

Some policy ideas on how to address this were discussed in the earlier chapter on ‘Responsibility’, but more generally those in the centre ground have got to find new ways to engage the attention of younger people in particular and highlight the need for difficult decisions to be taken. Populists certainly won’t engage in the overdue redesign of our health and welfare systems for this new era of extended longevity – because for them there is always somebody else to blame. But if we want to ensure that older people in society have decent and dignified provision in retirement, we are going to have to convince the public at large that sustainable finance matters. Very few people realise that

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<sup>37</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/bulletins/nationallifetablesunitedkingdom/2014to2016>

today's National Insurance contributions aren't 'set aside' for their retirement but are instead spent immediately on today's pensioners. Is there a way of shifting gradually to a 'funded' rather than unfunded state pension system? Why does the Treasury sometimes treat the entire older generation the same, when there are marked differentials in income and assets intra-generationally? Are we serving those in greatest need of help with elderly and disabled social care by prioritising the 'triple lock' basic state pension over the guaranteeing of basic standards of support in old age? We cannot go on neglecting this important issue simply because there are short-term political difficulties in addressing it.

## Sustainability

The other major long-term threat to the quality of lives of millions – if not billions of people – is the catastrophe of accelerated climate change. The overwhelming scientific consensus is that the pace of warming is much greater than any of the ice age cycles and predicts that the pattern of global warming since the 1950s will see the Earth warm by between 1.7 – 5.4 degrees centigrade by the end of this century. Yet again the populist chorus of climate sceptics and short-termists either diminish the need for action, or deny outright that the problem even exists.

The distinct values of responsibility and long-termism in the centre ground mean championing the cause of reducing carbon emissions, shifting towards renewable energy sources and turning the climate challenge into a new economic opportunity for innovators and entrepreneurs.

Consumers are increasingly attuned to the consequences of traditional consumption patterns, especially on the wider threat to natural resources and the pollution and climate harm caused. There is a mainstream consensus that action on air quality especially in cities has to be a high priority, but for all the warm words around the advent of electric vehicles there is scant preparation for the rapid shift away from petrol and diesel in the coming decade.

A belief in sustainability is at the heart of centre ground values. Taking responsibility fairly across society for the consequences of our actions means the time has come to properly embed sustainable thinking in UK policy-making. This must go further than creating a new Ministerial title or Government department but instead expecting leadership from Number 10 and the Treasury that all public services will deliver and plan sustainably and that the private sector and wider community will be challenged to follow suit. Society, the economy and the environment are inextricably connected and whether in the construction sector, financial services, agriculture or manufacturing, the careful use of resources and impact on the climate must be demonstrated.

The 'polluter pays principle' means that those responsible for creating potentially harmful outputs should carry the costs of managing and preventing damage to the environment, economy and society at large. This is a principle those in the centre ground should advocate. It goes beyond the Climate Change Levy on commercial energy use, or taxing 'demerit' goods such as cigarettes or alcohol. Climate impact should be borne by those

creating that impact, but the polluter pays principle should also be extended across all aspects of public policy. For instance, the British Government oversees around 80 regulatory bodies with responsibilities for supervising a vast array of practices, often tasked with monitoring or preventing practices that could be detrimental to the community. But why should the taxpayer pay for operating these regulators when those responsible for risks could take on the burden instead? **There should be full cost recovery of the budgets for UK regulators, fully funded through the 'polluter pays' principle.** This already happens in the case of many regulators, for instance in financial services where an industry levy covers the running costs of the Financial Conduct Authority. But this is not always the case for some of the other regulatory costs currently taken on by taxpayers instead of those who are to be regulated.

## CONCLUSIONS

The future of our country is in peril if the centre ground of British politics does not reassert the mainstream values of fair play, responsibility, truthfulness, opportunity, parliamentary democracy and long-termism. These are values prized by the majority, but are threatened by the populist extremities of the political spectrum. The answer to our country's challenges cannot be to divide it even more. A new approach is needed and those in the centre ground must rediscover our confidence, speak out and work as if we live in the early days of a better nation<sup>38</sup>.

This pamphlet sets out six values where the centre ground must make the running with energy and enthusiasm:

1. advocating fairness, supporting aspiration and rewarding hard work, while defending against those who would take advantage unfairly.
2. extending new rights to a decent quality of life while reflecting the mutual responsibilities we owe to each other, not just domestically but across the international community where we have a duty to enforce rules-based freedom and peace.
3. supporting policy-making that takes a common sense, balanced, non-dogmatic view and which is open to evidence & changing circumstances. A belief that reason is paramount, driving the ideals of scientific discovery and human progress, where education and learning lead to specialised skill, and where specialists can exchange their goods and services fairly and openly.
4. upholding respect and decency in public debate, where elected representatives put the public interests ahead of personal, party or ideological interests.
5. supporting social progress and social mobility and driving away obstacles to the opportunities which should be available to all but for the disadvantages of poverty or the

<sup>38</sup> to paraphrase Alasdair Grey's epigraph at the Scottish Parliament

impact of prejudice; where we all play our part and the striving for and taking of opportunities – with help where needed – goes hand in hand.

6. focusing rigorously on the decades ahead and a willingness to show leadership, making difficult decisions in the country's best interests. That we have a duty to the next generation who must have a better life than today's generation, with policy-makers looking ahead to tomorrow rather than turning the clock back to yesterday.

Those on the populist fringes will attack any and all efforts to set out a balanced view of British politics. They struggle to accept that those who believe in a regulated market economy do so out of principle rather than expediency. Centre ground values are more valid and relevant than ever before, especially given the challenges of the 21<sup>st</sup> century. These are mainstream values evolved from a real world perspective and which offer a practical guide to governing far more effectively than any rigid ideological code.

### Realism but not miserabilism

The infantilisation of British politics into a binary, 'yah-boo' set of dividing lines between tribes, where one side is always right and the other always wrong, is corrosive. This isn't necessarily a British phenomenon, as defending one's political party to the hilt is an instinctive feature of most representative systems where candidacy is subordinated below the party-political label. It is perfectly valid to champion the core values of a political party versus those of others. Yet we can surely now conclude that governments that are completely hostile to the ideas of their opponents, and oppositions who see enemies that must never be befriended on the other side under any circumstances, are damaging to the civilising discourse we should aim for in a deliberative democracy.

Governments who pretend everything is wonderful are rightly pilloried. And Oppositions who consistently push a bleak and 'miserabilist' portrayal of our country sound puerile. Surely political parties that seek to win the confidence of the public have to strike a chord with the realities of people's experiences?

For too many people their problems and difficulties are manifold. Poverty and disadvantage in Britain is not getting better and for many – sometimes dubbed the 'standstill generation' – rising living costs are stretching household budgets to breaking point. Responsible governments guided by values of fair play and opportunity for all must never tolerate a situation where so many are left behind.

For other households in society, especially where there is work and reasonable income coming in, life can be 'ok'. Indeed, it is taboo on the left of British politics to say that a reasonable number of households are coping well, that they are managing to get by and that they may even be...happy. Pointing out society's shortcomings and the failures of public policy doesn't mean *everything* must be painted negatively. Acknowledging that some things are going well does not remove the need for a change of administration; when Churchill defeated the Nazis everyone acknowledged how great that was, but the public were still ambitious for reform on new frontiers.

A fanatically ideological approach seems to require the definition of today's society as wholly, 100% dysfunctional and regressive. But just because not everything is 'bad news' doesn't mean that an ambitious agenda for change is weakened or invalidated. Indeed, most people will be prepared to listen to new ideas if they believe the advocate has a fair and balanced analysis of the world as it is, and aren't peddling the world as they want to advertise it.

The world has made great progress in the past century. Life expectancy is an average 70 years old worldwide today and 81 years of age in the UK. Extreme poverty has almost halved in world in the past 20 years. Infant mortality rates are falling in the vast majority of countries. Vaccination rates are growing well. The global economy has many faults, but there has also been progress too. The OECD's 'Better Life Index' is a fair stocktake of how UK citizens fair against the conditions of those in other countries – and they conclude that Britain “performs well in most measures of well-being” although the gap between rich and poor is considerable, housing costs are 24% compared with an OECD average of 20%, and 13% of employees work “very long hours”<sup>39</sup>. Nevertheless, British people give a slightly better than OECD average rating to general life satisfaction; the British homicide rate is significantly lower than the average of other countries and 74% of working age people have a paid job compared with the typical 67% of other nations.

There are big challenges, but denying that social and economic progress has occurred in recent generations would be to deny reality. And it is that grounding in reality the public want to see from their representatives. Mainstream Britain is rightly suspicious of black-and-white politics; while they want politicians to be driven by values, the public also want greater consensus in policy decision-making<sup>40</sup>. A balanced, mature approach to analysing society is surely a pre-requisite for devising appropriate solutions and policies attuned to the more complicated realities of life.

## BRITAIN'S PURPOSE

The six values discussed in this pamphlet can only be made real if the public are inspired and we see the leadership necessary to champion these causes. They offer more than a framework for delivering day-to-day public policy. These are principles that could help Britain rediscover its place in the world, values worth standing up for internationally and which would give real definition to Britain's role in the 21<sup>st</sup> century.

Britain could and should be stepping forward as an example to the world, at a time when populism and even totalitarian forces are shaping events across the continents. It is the UK which should be setting the tone internationally, reforming global institutions and standing up for what is right. The Brexit debate has knocked the country sideways, so it is vital that we choose to face outwards with self-assurance and a determination to prove that Britain can lead the way. If we have the audacity to ask ourselves 'what is Britain's

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<sup>39</sup> <http://www.oecdbetterlifeindex.org/countries/united-kingdom/>

<sup>40</sup> Table 10 in this ComRes 2014 survey reports that 78% of people believe 'the Opposition should work with the government on issues they agree on'. [http://www.comresglobal.com/wp-content/uploads/2015/02/ERS\\_Marginals\\_poll1.pdf](http://www.comresglobal.com/wp-content/uploads/2015/02/ERS_Marginals_poll1.pdf)

purpose?’ - and what each of us could contribute to a new shared endeavour built on these centre ground values - perhaps we can find the pride, confidence and excitement to deliver truly monumental achievements together as a United Kingdom.