

Tackling the UK's Insecurity Crisis

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Spiralling cost of living and energy prices, housing shortage, climate disasters have fermented a generalised sense of insecurity in recent years. In this analysis, researchers Hannah Webster and Toby Murray focus on economic insecurity in the UK and neo-liberal policies as the long-standing cause of this outcome. Considering the options for restoring people's sense of security, they draw lessons from public policies elsewhere, including on basic income.

As we enter 2023, and reflect on the year that came before, it's impossible not to feel overwhelmed by the multitude of crises that continue to battle for our attention. Soaring inflation and the rising cost-of-living have merely added to staples of our news cycle: energy, housing, climate and democracy to name just a few. Multiple crises shouldn't divide our efforts though; instead, we might stand to gain by exploring the shared theme of insecurity underpinning them.

Understanding economic insecurity

Insecurity is a broad term, encompassing different aspects of people's lives. Our work focuses on the subset "economic security", which at the RSA think tank we more formally define as "the degree of confidence that a person can have in maintaining a decent quality of life, now and in the future, given their economic and financial circumstances". By contrast, economic insecurity, put simply, is the experience or anticipation of economic hardship. It can be viewed through its manifestation in individual or household experiences, and can mean anything from living in poverty to facing eviction, living with a health condition or growing your family without access to childcare.

Economic insecurity is an important, but often overlooked experience, and one referenced far less than others like inequality and poverty. But in the context of today's crises, understanding economic insecurity, at an individual and collective level, is an essential tool.

This is because it gives an insight into how the current economy feels. It is a dynamic measure that encompasses how people felt in the past, how they feel in the present, and how they feel about the future. It is a subjective measure, which means we prioritise what people tell us, as opposed to where they sit according to an (often arbitrary) baseline. And it captures a range of experience, where people's individual situations (including their access to assets such as savings or state support) shapes confidence and, in turn, their sense of security.

The neoliberal roots of insecurity

In the United Kingdom, collective confidence in the future is at rock-bottom. In August 2022,

just 32 per cent of UK citizens felt the country was headed in the right direction, whilst just 29 per cent said they'd describe the UK's economic situation as "good". This is reflected across other European countries, with Hungary, Poland, Belgium, and the Netherlands all exhibiting similarly low levels of confidence in their country's future. Even Germany, the most confident EU country in this poll, shows just 43 per cent of its citizens think the country is heading in the right direction.

Why?

Fundamentally, a crisis in economic security is a crisis in how people feel about the world and opportunities around them. These anxieties can be traced back to the introduction and subsequent hegemony of the political economy of neoliberalism. At its core, neoliberalism is a mode of governance that prioritises personal responsibility over collective security. In this way, it might be viewed as anti-security as it centres individual capacity to survive economic shocks, whilst minimising our collective capacity to overcome them.

A quick look back to 1987 leads us to Margaret Thatcher's infamous proclamation that "too many children and people have been given to understand 'I have a problem, it is the Government's job to cope with it!'... who is society? There is no such thing! There are individual men and women and there are families and no government can do anything except through people and people look to themselves first." Her words epitomise the system we live in; a system which, rather than focus on our collective ability to avert or withstand economic shocks, places onus on the individual to be resilient in the face of system-wide problems that are bigger than any individual.

Policy decisions driving insecurity

More than just a cultural tone set by Thatcher and others, it is tangible policy decisions that have produced a crisis in security. In 2018, research by the Friends Provident Foundation argued that public wealth in the 1980s was used to subsidise consumption (through tax cuts) rather than as investment in public infrastructure. Profits from North Sea oil and from privatising state-owned companies were used to fund tax cuts for (often wealthy) individuals rather than invested in public policies. The policy decision behind this ensured underinvestment in public infrastructure and social security, meaning collective security within the UK was fractured, rather than constructed across places, communities, and generations.

In the UK, core parts of our economic security have been undermined. Our housing, energy and ecological policies have been lacking, with low investment in secure and sustainable homes, energy sources, and infrastructure. Between 1979 and 2022, 2.5 million social houses were sold in the UK, with little investment in building more since. Twice as many homes (4.4 million households in total) are now rented privately compared to 15 years ago, representing a shift from the security of social housing to the insecurity and individualisation of renting privately.

While energy price increase elsewhere is related to a complex set of factors, gas price spikes in the UK stem from a lack of investment in diversifying energy sources and energy storage. While countries like France and Germany have fourteen- and eight-weeks storage of gas reserves respectively, the UK has just four days.

The UK's approach to the climate emergency, again, shows a chronic unwillingness to invest in collective security. While many future-facing UK policies might rank well in terms of their environmental outlook, research from IPPR concludes that the UK's own ecological security, or our ability to weather environmental threats, requires a healthy and restored natural environment. Yet, the UK has lost more of its natural biodiversity than almost anywhere in western Europe, and more than all the G7 nations.

Useful lessons from Finland

A neoliberal approach to security has been dominant across our global economy, sometimes even enforced by international gatekeepers. This recent story of Barbados' response to IMF-imposed austerity is a clear example of how dominant anti-security culture still is. However, several countries have experience in prioritising a collective approach to security. While no country offers a perfect approach to providing economic security, some offer better lessons than others. Take, for example, Finland.

In comparison to the housing, energy and ecological policy decisions made in the UK context, Finland prioritises greater security for its citizens in many key economic areas. In housing, Finland, has invested heavily in building new houses over a long period, exceeding house building targets in the Helsinki area by 15 per cent in the years between 2016 and 2019. Further, a model of cooperative ownership, "housing companies", heavily encouraged by government investment, ensures that risk associated with home ownership remain low for a large percentage of the population, and those who are full owners have historically received investment to help them avoid repossession or eviction. For renters, there's no maximum income ceiling for social housing tenants. Tenancies can be unlimited, and tenants are able to claim damages and compensation for the cost of eviction. Any eviction requires at least three-months notice from the landlord, but over six-months notice after a one-year tenancy.

Compared to a UK market where renters have, until recently, had little protection from no fault evictions, and social housing has become a minority provision. This has kept housing affordable and accessible for a large proportion of citizens. Between 2015 and 2020, house prices in Finland increased roughly in line with inflation, compared to 9 per cent above inflation in the UK. Similarly, in that time the ratio between house prices and income has decreased by 5 per cent, compared to a 25 per cent increase for the UK. Further, thanks to a "housing first" approach to homelessness, Finland now has a homeless population of just 0.08 per cent of their population (including those in temporary accommodation). A large of part this is due to what Bengtsson et al call housing policy as a branch of social policy, or housing policy that prioritises "those with a weak position in the housing market". Finland has prioritised collective security in housing over and above individual resilience.

While Finland's energy consumption remains high, a mixed approach to energy production focused on domestic supply and state investment in power generation and transmission means that energy costs as a percentage of income remain low for all citizens. While use of fossil fuels in Finland is low, state intervention in the face of the gas crisis in 2022 has also prioritised more vulnerable citizens, meaning that the increase in energy prices as a percentage of total household spending is higher for the richest 20 per cent of the country, than it is for the poorest 20 per cent. This is a trend not seen elsewhere in Europe.

Finland's relationship to ecological security is more complicated. Despite strong environmental policies that have prioritised a shift in energy usage, and protection of natural resources like clean air and clean water bodies, biodiversity in Finland has suffered similar pressures to the UK, particularly driven by the forestry industry. However, Finland has taken steps to address this. Policies that prioritise habitat protection ensured that Finland met the 2020 Aichi target on protected terrestrial areas, and in 2020 Finland announced that funding for nature conservation has increased by 100 million euros annually.

Despite the lack of data on how many Finns think their country is on the right track, Finns are consistently ranked as the happiest with their country in the world. The reasons for this sentiment will always be complex, especially as this does not mean that Finnish people don't have many concerns about the trajectory of their country. However, Finland consistently shows high levels of trust in public institutions, and a sense of security that comes from a political and economic culture based on cooperation and support.

Back to basic income

The difference between these two nations is more complex than a single article can capture. However, Finland's success hints at the power of an economic policy model that prioritises security.

Such a model would focus on long-term decision making, bringing benefit in the present and sustaining it in the future. It would centre the experience of the economy and the people within it over the economic outcomes themselves, and could tangibly show how things can get better for those experiencing a period of hardship or an unexpected change in their lives.

Providing economic security and tackling the security crisis requires more than a silver bullet. The considerations above must be embedded in various economic and social policies. However, a universal basic income might be one of the most advanced in terms of the evidence collated from modelling and trials. A recent trial in Finland provides an interesting case study. The Finnish basic income pilot^[JK1] (which provided 2000 randomly picked unemployed people a guaranteed, unconditional income) demonstrated that this security-focused payment had a positive effect on the mental and physical health as well as the overall wellbeing of participants. It also demonstrated higher levels of trust from participants and their own future work prospects.

Our work has recently explored what a Universal Basic Income might look like in the United Kingdom. Research published in October 2022, in a partnership between the RSA think tank and academic partners led by the University of Northumbria, demonstrated how an alternative social security system might fundamentally shift the economic wellbeing and health of the next generation. Modelling found that a cost-neutral basic income – that is a universal monthly payment that can be paid for without additional funding or taxation models, approximately 60 pound sterling a week for single adults – would more than halve child and pensioner poverty. With greater investment, more generous payments reaching a minimum income standard of 230 pound sterling a week for single adults would reduce both by more than three quarters.

On top of this, a shift to universal payments would provide much needed confidence, and in turn security, that in times of hardship, people will receive the support they need. A security net that prioritises initiatives like basic income will surely reverse a long-term trend in declining security for citizens and provide a long-term solution that cuts many of the crisis we're currently experiencing off at the source.



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