



Centre
Write

SAJID JAVID MP
on the importance of
vocational education

LORD WILLETTS
on the future of tax credits
and welfare reform

The future of work

PROFESSOR DAVID BLANCHFLOWER | PRITI PATEL MP | MATTHEW TAYLOR | JAMES GRAHAM



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Editor's letter

Why we should be cautiously optimistic about the future of work



RICHARD MABEY is the
Editor of *Centre Write*

I recently received an email from the General Manager of Uber, London. With a subject line that read “Help save the Uber you know and love”, it was pretty clear from the outset what it would be about.

For some time, the heavily-regulated drivers of London's black cabs had been lobbying Transport for London (TfL) to limit the exponential growth of Uber and its unlicensed minicab service. Among their concerns, the \$50bn company's contribution to congestion, doubts over its drivers' employment status and its modest contribution to UK tax receipts. The black cab drivers were furious.

And sure enough, the email was a counterstrike from Uber. It hit back at proposals from TfL, which aimed to impose a mandatory five-minute waiting time, force drivers to work with only one operator and take out that bit of magic that lets you see on your screen all the Uber cars around you. Luddite nonsense, they alleged, which would make life worse for both customers and drivers.

Wherever you come out on the point, there is no denying that technology is having a profound impact on the nature of work. And it's not just taxi drivers who are threatened. Professionals too are starting to experience the impact of disruptive business models on their long-established industries. The level of self-employed workers is higher than at any point over the last 40 years, our workplaces are more diverse than ever before and thousands of companies across the country, from Aviva to Lidl, are offering their employees the Living Wage.

Technology has been a significant enabler of this change, but policy has played its part too. Government has both reacted to the new landscape and proactively encouraged (or mandated) change. Take the Chancellor's Budget announcement to raise the minimum wage; take recent legislation (originally proposed by Bright Blue) to extend shared parental leave to grandparents; take the Government's commitment to reducing NEETs by 15% over the next 10 years. This, against a backdrop of a growing economy and record employment levels.

In this edition of *Centre Write*, we look at four key aspects to the future of work: *the new economy*, *the jobs of the future*, *a new welfare settlement* and *a more diverse workforce*.

On *the new economy*, **John Longworth** (page 9), Director General of the British Chambers of Commerce, highlights the importance of small business lending to power future growth.

Dr Andrew Lilico (page 6) and former Monetary Policy Committee member **Professor David Blanchflower** (page 6) debate the macro side of the UK “jobs miracle”, while on the micro side Microsoft executive **Dave Coplin** (page 10) discusses the future of workplace productivity.

On *the jobs of the future*, Business Secretary **The Rt Hon Sajid Javid MP** (page 12) highlights the importance of vocational education in equipping our workforce with the skills of the future. In our *Letter from America*, we hear from Stanford Professor **Margaret Levi** (page 14) on familiar US experiences of recent job creation. **Benedict Dellot** (page 13) discusses barriers to self-employment and we hear from TUC General Secretary **Frances O'Grady** (page 16) on the future of the trade union movement.

On *a new welfare settlement*, RSA Chief Executive **Matthew Taylor** (page 24) suggests design principles for a ‘human welfare economy’. **David Skelton** (page 27), Director of Renewal, casts a political eye on the idea of the Conservatives being the ‘workers’ party, while **The Rt Hon Lord (David) Willetts** (page 25) dissects the thorny issue of tax credits.

On *a more diverse workforce*, **Philip Salter** (page 28), Director of the Entrepreneurs' Network, proposes a novel approach to narrowing the gender pay gap. **Kate Andrews** (page 31) of the Adam Smith Institute shares her take on the elusive policy prize of affordable childcare, while **Christopher Brooks** (page 29) of Age UK looks to the other end of the spectrum to show the economic and social benefits of working in later life.

Finally, I put some of the questions raised across these four policy areas to Employment Minister **The Rt Hon Priti Patel MP** (page 18) when I interviewed her on her approaches to future-proofing UK employment policy.

The changing nature of work will be one of the defining policy challenges of our age. Government should choose to embrace the extraordinary opportunity for economic and social progress it affords, while making sure that no one is left behind. If it does so successfully, and executes on the policy directions to which it has committed itself, we can be cautiously optimistic about a brighter future for work; a future in which everyone can benefit.

I hope you enjoy reading this edition of *Centre Write* as much as we have enjoyed making it. ●

Director's note

Ryan Shorthouse



RYAN SHORTHOUSE is the
Director of Bright Blue

Work, in general, is a good thing. Honestly. It provides income, purpose and new relationships. It might be maddening at times, insecure for too many, but it is far better than unemployment. So it is welcome that employment in the UK, especially youth and female employment, is at record levels.

Having a job is good for our pockets and our minds. Much of the gain in household living standards during the latter part of the twentieth century, for example, was a result of the increase in two-earner households. Since work is the engine of national prosperity and facilitates greater social integration, it is little wonder that this Conservative Government has made 'full employment' one of their key aims.

Still there are some who argue that increased work is problematic. They say it disrupts family life. But Professor Jonathan Gershuny's 'Time Use' surveys – which have tracked the daily activities of 66,000 people for decades – shows that although both men and women in the mid-2000s were working longer hours than in the mid-1970s, they were also spending more time caring for their children.

Then they say it increases stress and misery. There are, admittedly, some studies which suggests overtime in some industries is associated with poorer health outcomes. But, overall, despite the fact that more of us are working, and a higher proportion of Britons are working very long hours compared to in other OECD countries, levels of unhappiness in Britain have not risen in recent decades.

But the naysayers are adamant that work needs to be cut. They argue for maximum working times in a week and the redistribution of working hours. Last year, the President of the UK Faculty of Public Health, one of Britain's top doctors, called for a switch to a four-day working week. So did The New Economics Foundation, the year before.

Ghastily illiberal and totally unnecessary. Employment opportunities are likely to be reduced for those with no or few working hours if those working long hours are no longer allowed to do so. The truth is that work need not be, and increasingly is not, antithetical to family life, leisure or happiness.

That is because when and where people work has become increasingly flexible. Parental leave and pay, as well as childcare support, is now more generous. The rise in self-employment, a structural trend to our labour market since the 1980s, is largely a positive trend: of individuals seeking more control over their lives. Actually, there has been a big rise among young people in the numbers freelancing and launching their own businesses, often indicative of a desire – especially among those with higher educational qualifications – for work to be more than just about making money, but to derive great enjoyment from too. For their work to be the end-goal of a good life, not just the means to it.

Today's policymakers should not be finding ways to reduce the importance of work in our lives. Rather, the focus should be on ensuring a much broader group of people really can benefit from our modern and flexible labour market. Big challenges remain.

Low pay is at the top of the list. The proportion of the British workforce in low paying jobs is much greater than in other comparable countries. So much so that a majority of households under the current poverty line – specifically, living in a household which is 60% or below the median income – have now at least one adult working. Tax credits play a

critical role in topping up the incomes of those working day in and day out to support their families. They did not deserve the scale of the cuts to their tax credits which the Chancellor originally proposed, hence why Bright Blue campaigned against those proposals since they were first announced.

Government policy can help those in working poverty in another fundamental way: by setting a sensible national minimum wage. For years now, Bright Blue has been campaigning for the UK's wage floor to rise significantly but sensibly. The Chancellor's new National Living Wage will be quite a significant jump upwards in the minimum wage. The OBR has forecast job losses as a result of it. But job supply is affected by a wide arrange of factors, including the performance of the economy and the tax and regulatory environment. Bright Blue believes this new National Living Wage is a risk worth taking; let's see how employers respond. In fact, Bright Blue has paid a small role in all of this by becoming an accredited 'Living Wage Employer' in October 2015. We hope more organisations will follow suit.

Ultimately, to help people climb out of low pay, we need to focus on improving their skills. It is vital, especially in a flexible labour market, that people have the opportunity to upskill and reskill throughout their lives. As you will read in this magazine, Bright Blue's latest report detailed why there has been a worrying decline in the number of workers undertaking part-time higher education in recent years. We proposed two new policies – a lifetime HE tuition fee loan account and a 'graduate levy' on large graduate employers – to provide more financial support to those looking to better their circumstances so they can progress in the labour market.

Work is not the enemy. But there's still a long way to go to ensure that, for more people, it is a friend. ●

Is the UK experiencing a “jobs miracle”?

Andrew Lilico and David Blanchflower discuss



PROFESSOR DAVID BLANCHFLOWER is Bruce V. Rauner '78 Professor of Economics at Dartmouth College and a former external member of the Monetary Policy Committee



DR ANDREW LILICO is the Chairman of Europe Economics and a member of the Institute for Economic Affairs' Shadow Monetary Policy Committee

Dear David,

From Q2 1979 to Q1 1981, quarterly real GDP fell in the UK by 5.5%. Unemployment rose rapidly, from 1.4m in Q2 1979 to 2.4m by the end of the recession, then continued rising through to its peak of 3.3m in 1984 – 12% of the workforce. Unemployment stayed above 3m for 51 straight months.

This is the pattern economists expect in a serious recession. Unemployment rises, then stays persistently high, falling back only well into the recovery. It has also been the experience of much of the developed world since the Great Recession of 2008/09. So, for example, whereas US unemployment was below 5% in 2007, it rose to about 10% in 2010, falling back only gradually over several years thereafter. Similarly, in Spain unemployment rose from 8.4% in 2007 to 27% in 2013.

The UK's experience with unemployment during the Great Recession has, however, been very different – indeed, almost unique, internationally. Despite our contraction in GDP being worse (at least initially) than that in either the US or Spain, unemployment here rose much less – from around 5% in 2008 to 8% in 2009, where it stayed steady until 2012 before falling back to 5% again now. Whereas in past severe recessions, UK unemployment rose rapidly and stubbornly refused to fall, this time it rose only modestly and then fell back as soon as steady growth returned.

This was not expected by economists – neither by you nor me. Would you not agree that one might reasonably characterise this as a “jobs miracle”?

Regards,
Andrew Lilico

Dear Andrew,

You are right that the rise in the unemployment rate in the UK in the Great Recession was less than everyone expected, including me. This time around, unemployment rose to a peak of 8.5% in 2011, which was less than in the United States where it reached 10% in 2009. But real wages in the UK have declined and are still 4% lower than at the start of the recession, whereas in the US they increased. In the UK, wages, rather than unemployment, took the strain.

Underemployment is up: the proportion of workers who say they have a temporary job and want a permanent job is up by 210,000. Fifty-five percent of the jobs created since 2008 are part-time. And 15% of part-time workers now say they are part-time is because they could not find a full-time job, compared with 10% pre-recession. There has also been a sharp rise in the self-employment rate which is up 700,000, but more self-employment doesn't seem to be better. A typical self-employed person is paid less than a typical employee. The incomes of the self-employed are down 22% since the start of the recession. The self-employed are especially likely now to say they are underemployed.

Seventy-nine percent of the employment increase is among the non-UK born. The increase in the numbers of workers from the A10 Accession countries alone is nearly twice as large as the increase from those who are UK-born. It looks more like a labour market disaster to me than a miracle.

Regards,
David Blanchflower

UK labour market flexibility was much greater than in the past and much greater than in other developed economies affected by the Great Recession

Dear David,

So far we've both quoted lots of statistics, and doubtless we or others might quibble over them. But isn't the key lesson from your data that the fall in unemployment was the product of labour market flexibility and of job creation?

Whereas in previous recessions almost everyone initially employed either remained in full-time work or become unemployed and the real incomes of those remaining in work rose whilst others experienced unemployment, in our modern labour market there is more of a continuum. Some people initially employed accepted wage cuts; others had less overtime; others worked part-time; others became self-employed; yet others took on zero hours contracts.

At the same time the labour market also absorbed additional workers from abroad, re-absorbed a number of the longer-term unemployed, through measures such as the Work Programme, and even coped with significant public sector job cuts.

UK labour market flexibility was much greater than in the past and much greater than in other developed economies affected by the Great Recession. Fears that the Thatcherite labour market reforms had been undermined by New Labour proved unfounded, and those that doubted public spending could be cut without unemployment or doubted the efficacy of the Coalition's own labour market measures were proved wrong.

You might justly point out that labour market flexibility has downsides as well as upsides, but you surely should not deny that in its own terms of trying to make the UK's labour market one in which unemployment did not rise rapidly and in which unemployment would fall without inflation, the reforms of the past 30 years have proved stunningly effective.

Regards,
Andrew Lilico

My understanding is that the jobs created since 2010 have been, at least, overwhelmingly full-time employed jobs – not self-employment or part-time work

Dear Andrew,

I do agree that the UK labour market has been remarkably flexible downwards but as you say that has downsides as well as upsides. Wages have fallen more than ever in recorded history and that is supposed to be a reason to celebrate? Those at the top end, especially in London, have done well but those at the bottom haven't and we know that relative things matter. The jobs that have been created are not good jobs and they aren't well paid. Labour productivity levels remain about 15% below an extrapolation of pre-downturn trends. Output per hour is 20% below the average for the rest of the G7 major advanced countries and a third lower than that of France. Some miracle.

The scale of the shock was immense, which meant that the Bank of England had to inject unprecedented levels of monetary stimulus that I voted for, which still remain in place. This has been the slowest recovery in a century, measured by the time it took to restore output to starting levels. There is even historical evidence to suggest it is the slowest since the South Sea Bubble. It took the UK 66 months to restore lost output compared with under 48 for every recovery in the last 100 years.

The shock was insulated by the drop in mortgage interest payments but the impact is going to be devastating when rates rise. The labour market reforms have been stunningly

successful in lowering the living standards of the hard-working man on the Bradford omnibus.

Regards,
David Blanchflower

Dear David,

Since productivity is simply the ratio of output to employment, saying that productivity growth has been poor recently is just another way of saying that employment has grown more rapidly than expected, relative to output. Poor productivity growth is a form of the jobs miracle, not a refutation of it.

My understanding is that the jobs created since 2010, at least, have been overwhelmingly full-time employed jobs – not self-employment or part-time work. Furthermore, in total post-tax income terms, my understanding is that those employed on low incomes have had amongst the fastest post-tax income rises. Overall income inequality (including benefits, tax etc as well as wages) has been steady in the UK for about two decades, apart from a modest fall recently. It is simply incorrect to characterise the situation in the UK as one in which jobs growth has come at the expense of jobs being of poor quality or failing to be associated with income growth.

A job gives people a stake in society, self-respect, a reason to get up in the morning, and the opportunity to learn and progress on the job. Those in continuous full-time employment have had much more rapid wage rises in recent years than the average worker overall.

Across Europe, many societies have been blighted by high unemployment and its social consequences – as indeed the UK was in the 1970s and 80s – not only in economic and personal social terms but also in the poisoning of their political debates and in deep tensions (even violence) between communities. Through some ill-understood combination of wise, long-standing policy decisions, more recent policy decisions that worked out okay and a fair dollop of luck, the UK economy this time has been a jobs engine, keeping unemployment low. I believe we should count our job market blessings.

Regards,
Andrew Lilico

Wages have fallen more than ever in recent history and that is supposed to be a reason to celebrate?

Dear Andrew,

Glad to see you concur that the jobs that have been created are disproportionately low paid, temporary, part-time and self-employed. There has also been a rise of nearly half a mil-

lion in the employment of those over 65 who were unable to retire due to the deterioration in the size of their retirement savings. Since May 2010, around 42% of the jobs that were created were either self-employed or part-time employees. These are not good jobs so creating them clearly does not constitute a miracle.

Of particular concern is that the young have been hit by a double whammy. They can't find jobs but when they do they are low paid, temporary and have fewer hours than they would like. This hardly looks like a miracle. It is surprising that the young have been so compliant given that their relative position versus the old, as a direct result of government policy to buy votes, has deteriorated sharply. This surely will not continue for ever. Unemployment when you are young creates permanent scars.

Average Weekly Earnings shows that real total pay including bonuses is down 9.5% since its peak in February 2008. It is down 2.5% since May 2010 despite its recent rise, principally due to the UK moving to deflation. There is little or no sign of any wage pickup. Wage settlements have remained unchanged during 2015 at 2%. Those in continuous employment have

done well, but we know from behavioural economics that relative things matter.

I do agree with you that unemployment hurts. My own research has examined the impact of a one percentage point rise in unemployment versus a similar increase in inflation on well-being across European countries. I find that unemployment hurts five times more than an equivalent rise in inflation. But poverty in work creates unhappiness too.

There is no sign that the UK has rebalanced away from financial services and construction, and it is even more exposed to a financial market shock today than it was in 2008 when interest rates could be cut by a lot. One of the main reasons the UK has performed better than most other EU countries is that it has its own central bank and currency. So much of the credit for the relatively low levels of unemployment should go to Gordon Brown and Ed Balls who kept the UK out of the Euro. But now we are in deflation with a new round of totally unnecessary austerity about to hit. This baby isn't over.

Regards,
David Blanchflower

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Rev the finance engine to avoid an economic stall

John Longworth discusses how government can show commitment to access to finance



JOHN LONGWORTH is
Director General of the British
Chambers of Commerce

The UK's post-recession recovery has been impressive, and despite the slowdown in Q3 2015 GDP per capita remains just above its pre-crisis peak.

This is credit to the hard work and resilience of British businesses who drove the recovery, and who have also ensured that over the past two years UK GDP grew faster than any other G7 economy.

One of the lasting effects of the recession, however, has been a further reduction in access to capital from UK lenders, particularly non-equity finance. Major UK banks came close to collapse and required significant taxpayer support. Inevitably, many became even more hesitant than normal to lend – particularly to relatively new and fast-growing businesses and those who had run down working capital during the recession. Of course, this is a category that UK commercial banks have historically always found too risky.

It is now more important than ever for the long term health of our economy that access to finance is improved, to enable businesses to move from survival mode to full-on growth mode. We need to take rapid action to capitalise fully on our early recovery if we are to stay ahead of other nations – and that means that business needs access to working and patient investment capital to help expand and invest in future growth.

Unfortunately, after several major initiatives designed to encourage banks to start lending to UK businesses, such as the Enterprise Finance Guarantee, Credit Easing and Funding for Lending schemes, things are far from back-to-normal.

Many banks have highlighted a drop in demand for capital from businesses. At first this seems surprising. However, the difficult trading conditions and uncertain outlook during the recession will have made many firms more cautious about taking on additional financial risks. Those companies that have grown throughout and after the recession are less likely to have gone through the process of applying for finance for their growth plans, and may be unaware of their own readiness for such lending.

A major casualty of the recession was the relationship between businesses and banks. The fear that approaching their financial institutions for support would result in an unwanted review of their banking facilities has led many businesses to become 'non-seekers' of finance. This trust will take many years to build back up again.

This is often compounded by the now entrenched and justifiable view that banks will simply not lend to firms or sectors that are viewed as higher risk. In fact, it is probably unreasonable, even in normal times, to expect that commercial banks should take on board such risk. This is the job of equity investors and, crucially, banks underwritten by the state as we see in other nations like Germany, Canada and the US.

There is a big role for government to play in improving access to capital. Some encouraging work has already begun, such as the establishment of the British Business Bank (BBB) by the Coalition Government. What the BBB now needs and deserves is both political support and the resources needed to play a much bigger role, more akin to its international counterparts, in addition to being able to forge a more direct relationship with businesses.

In order to continue to drive economic growth, the UK needs to see a

revolution in its approach to exporting. Businesses need greater financial support to help them overcome the additional costs associated with entering new export markets.

As with infrastructure investment, making more finance available to support exporters should be viewed by government as an investment in the future growth of the UK economy. The welcome return of UK Export Finance to the Small and Medium Enterprise (SME) market is an encouraging step in the right direction, and means companies trading internationally can access finance options similar to those of their competitors abroad.

More needs to be done to encourage lenders to improve access to export finance, and schemes like the Business Banking Insight (BBI) project can help to encourage greater competition within the banking sector. The BBI is an independent comparison website backed and delivered by the BCC and the Federation of Small Businesses. It allows companies to check how their peers have rated bank services – and make decisions accordingly. We're doing our bit to boost competition through transparency, with support from the big high street lenders.

We also need to see greater choice in the financial marketplace to improve competition and choice for businesses. Unfortunately, challenger banks have been flattened by the Chancellor's decision to impose an additional levy on Corporation Tax, while regulators have made market entry unnecessarily complicated for them.

It will take time and effort to make finance work for businesses. It is important that there is dialogue between businesses, government, and lenders to ensure that the changes that are made are the ones that are most needed. ●

The problem with productivity

Dave Coplin explains how we must work smarter to address the productivity crisis



DAVE COPLIN is the *Chief Envisioning Officer* of *Microsoft UK*

The UK economy faces a massive problem, one that extends beyond the recession and transcends governments and political parties. It is the problem of productivity.

It may sound counter-intuitive, after all, isn't productivity supposed to be the solution not the problem? The truth is, right now there is a productivity crisis that has the UK (and many other economies) in its grasp. But why is this the case? Especially when many feel they are working harder and have less free time than ever before.

Much of our understanding and approach to productivity comes from the end of the 19th century from the work of a handful of people like Frederick Winslow Taylor and Frank and Lillian Gilbreth, who were amongst the first people in our industrialised society to take a keen interest in the science of work.

Taylor in particular, valued efficiency. He believed that if he could make the workers more efficient, both the organisation and the workers would benefit. But perhaps the most significant remnant of his legacy is not so much about the science of management but instead that we are left in a world that seems to value process over outcomes.

A recent study by Microsoft provided stark evidence of how bad the problem actually is. In a poll of a representative sample of the UK workforce, 77% of respondents declared that clearing their email inbox was a "productive day at work". If you're struggling with why this might be a problem, let me just remind you that email is just a process of work; it is not



in itself the product of work. However, this particular technology has enslaved us all and is fast reaching breaking point where neither the machines, nor the humans using them, can cope with the deluge that overwhelms us every single day.

Now I get the irony of this, here I am a fully paid up representative of the technology industry telling you that there's a problem with technology. But before you dismiss the argument, I need you to consider this: most of the problems we face today with our relationship with technology exist not because of failures with the technology itself but because we are using new technologies to work in old fashioned ways.

Today, most of us still work like Victorians, only we use 21st century tools to make that work slightly better or quicker. Our 20th century approach to work and life is fast approaching a point where it can no longer support the pressures of, or more importantly rise to the opportunities afforded by, the 21st century. If we continue on our current path, without fundamentally changing our definition of productivity or changing our working habits, the ability to 'work smarter' is simply untenable, leaving only the prospect of working harder in order to survive.

But this cannot be our future. Instead, our challenge is to think

sufficiently differently to see the potential to change the way we live and work, so that we make the most of both the human and technological opportunity that our future holds.

Instead of focusing on processes of work like hours spent, emails answered or forms filled, we need to reconnect our people with outcomes: the products, services and subsequent value created for customers. This means moving away from a world fixated by Taylor's legacy of efficiency and instead focus more on 'effectiveness', empowering people to achieve more both inside and outside of work by ensuring that the result of all their efforts is meaningful.

Providing technology that empowers people to achieve more has been at the heart of Microsoft's mission for over 40 years. But as the world has changed so have we. We know it is no longer enough to use technology to help expedite traditional ways of working; instead we need to rise up and embrace a new wave of technologies that fundamentally change our opportunity.

In order to achieve this, we need to remember that technology is here to help and that the success of our future will depend entirely on our ability to grasp the potential it offers us. As a result, our aspiration should be to do things differently, not the same things slightly better. ●

The role of finance in the economy of the future

Bim Afolami on the changing nature of finance in the digital economy



BIM AFOLAMI works for a large international bank and was the Conservative Party PPC for Lewisham Deptford at the last General Election

What did the financial crisis demonstrate about modern, big and globalised finance? Although we appreciate that the answer as to who 'caused' the financial crisis is complex, the crisis has shown that much recent financial innovation has failed to create (or even enhance) enough economic value in the real economy. In the future, the key question is: how should finance help serve the new economy and correspondingly re-legitimise its place in our market economy?

Most fundamentally, finance needs to remember that it needs to be part of society, not apart from it. Financial firms must adapt their models to better serve both (i) the new workforce, which is much more likely to be self-employed and (ii) new business, which is likely to be tech-based, more mobile, and much smaller.

One in seven of the British workforce is self-employed, and 40% of new jobs over the past four years came from self-employment. For young people, these figures are even higher. Well over 50% of new jobs are created by Small and Medium Enterprises (SMEs). If banks are to do a better job of being part of society, and not apart from it, they need to be serving this SME community much more effectively. If they do not, the vacuum will be filled by alternative financial providers.

The modern world presents many problems. Alas, not all of them can be solved by finance! However, some can be made just a bit easier. For example, with rising house prices let's see banks think more creatively about offering

alternative ownership models so that more people can own a home of their own. Why shouldn't banks give people the opportunity to buy 50% (rather than 100%) of a new home (50% owned by the individual, 50% owned by the bank), which could really help first time buyers? Governments (local and central) have certain versions of this – why not banks?

One principal way in which SMEs (and especially newer SMEs) are currently poorly served is that they don't have enough access to capital. The model used by banks works very well if you are an established business. They work adequately if you are a new business entering a market that is well established and clearly understood by the bank's managers. However, if you are a dynamic small business, perhaps internet based or reliant on technology, banks rarely deal with you because you don't fit their traditional models. This can be changed. Banks can be more flexible and set up teams who understand the new growing businesses that are providing so much growth in the modern economy, and also attracting many of our most gifted young people.

Why can't banks ignore these trends and go on as before? Banks are being increasingly cut out of the growing new markets for finance, and alternative financial providers are going to fill the gaps in provision. Technology has fundamentally changed the business model of most industries – finance is not immune. The rise of cheap physical computing power and communications has allowed peer-to-peer lending to emerge as a major source of finance for small start-ups.

Take one example: Seedrs is an equity crowdfunding platform for

investing in start-ups and later-stage businesses, which allows users to invest as little as £10 into the businesses they choose and lets early-stage start-ups and more established businesses raise investment from friends, family, customers, 'angels' and other independent investors in exchange for equity in the business. It grows at 15% per month, and has funded 110 deals in 2014 alone.

It is plausible that larger businesses might start using similar methods to raise finance from both the UK and abroad. This will not only reduce the long term income of banks from businesses, but it will further divorce banks from the very people that they are meant to serve.

Banks are being increasingly cut out of the growing new markets for finance, and alternative financial providers are going to fill the gaps in provision

Banks also need to allow their very capable people to think innovatively about how to serve the new British workforce and keep connected to the revolution in British business, and not just leave new business entirely to these new platforms.

Where government regulation does not allow them to do either they should call out and apply pressure to have regulations changed – if they can show that their innovation will benefit the real economy. Otherwise, they will slowly become unloved, decaying relics of our economic system, not part of society but apart from it. ●

Giving vocational education the respect it deserves

Sajid Javid MP says that vocational education is the key to social mobility



THE RT HON SAJID JAVID MP
is the Secretary of State for
Business, Innovation & Skills

I grew up on Stapleton Road in Bristol, which a tabloid once dubbed “Britain’s most dangerous street” and “a moral cesspit”. Sure, it wasn’t exactly salubrious, but the people I knew around there weren’t bad, or lazy, or stupid. More often than not, they just lacked the opportunities that many take for granted.

And when my school careers advisor said I should set my sights no higher than an entry-level job at Radio Rentals, he wasn’t doing so because he thought I could learn a trade, get qualifications and work my way up the organisation. He was just telling me what kids from Stapleton Road were expected to do. We didn’t go to university, we simply left school at 16 and got ourselves a low-paid, low-skilled job.

In 2015, I’m not prepared to tolerate that attitude. Every young person has the potential to succeed, and, while I’m not in the business of mandating equal outcomes, I’m a fierce believer in giving equal opportunities. Everyone should have the opportunity to show what they can do, and we need to provide them with the education and training they need in order to fulfil their potential.

That training and education can come in many forms, but for too long a myopic focus on sending half of our young people to university has led to the alternatives being neglected and ignored.

Not anymore. This Government is giving vocational education the respect it deserves. We see apprenticeships for what they really are: not a second-best option, or a safety net for failures, but real jobs, paying a real wage and



providing a real education; an excellent way for young people to gain the skills they need to compete and for employers to develop the leaders of tomorrow.

Our best vocational education is world-class, but for the past 20 years employer investment in training has been in steady decline. This isn’t just bad news for the employees and companies, it’s bad news for the economy – a fifth of the difference between Britain’s productivity and that of the USA, France and Germany is down to a lack of comparative skills.

If we’re going to close that productivity gap and secure lasting economic growth and prosperity, we have to make the most of everyone’s talents – and a serious commitment to vocational education is one of the ways in which we’re achieving that.

In the last Parliament we helped create well over two million apprenticeships. In this one, we’re going to create at least three million more, making apprenticeships an option that is open to every employer.

There are a number of ways in which we’re going to ensure we achieve this.

First, we’re legislating to put apprenticeships on the same level as degrees, and to give the term legal protection to ensure high standards. Apprentices deserve to know they’ll be getting top-quality training, not simply being used as a cheap way of filling vacancies. By guaranteeing high standards, we

will make vocational education a more attractive option for young people and demonstrate the value of vocational education to employers.

Second, we’re abolishing employer national insurance contributions for apprentices under the age of 25, making it easier for employers to take one on.

Third, we’re introducing an apprenticeship levy for large employers, putting them in control by allowing them to fund the skills training their workforce needs.

And finally, we’re leading by example. All public sector bodies will be expected to employ apprentices, just as many Whitehall departments, the Department for Business, Innovation and Skills (BIS) included, already do.

Thirty years after I moved out, Stapleton Road is still not the nicest place in the world. But, like millions of other young people on similar streets across the country, the kids growing up there today are no longer treated like a problem to be tackled or a liability to be managed. They’re an incredible asset, filled with unlimited potential.

We owe it to them to unlock that potential and give them the opportunity to fulfil it, and our plans for vocational education represent a huge step towards making that happen – something that will benefit the economy, the country and, above all, young people themselves. ●

Who would want to be self-employed?

Benedict Dello on how government can help those who go it alone



BENEDICT DELLO is Senior Researcher at the Royal Society of Arts (RSA)

Take the wages. People who strike out on their own earn a third less than someone in a typical job. They are also half as likely to contribute to a private pension, and considerably less likely to engage in regular training. This is not to mention the myriad personal pressures: isolation, a lack of affirmation and an abiding sense of precariousness.

Why, then, do the ranks of the self-employed continue to grow? The number of people who work for themselves has risen by 40% since 2000, compared with a 10% increase in the conventional workforce. The result is that one in seven of the working population now answer to themselves – the highest figure on record. Should this trend continue, the RSA predicts that the self-employed community could soon outgrow the public sector workforce.

The question we must now ask is what we can do to help this growing band of self-starters to flourish, for their benefit and the wider economy

For the unions and other sceptics, the explanation is simple: in the absence of good quality jobs, people are being forced to create their own. There is no doubt some truth in this assessment; several studies have demonstrated a correlation between unemployment and start-up rates. And it now appears that some of those who started up in business during the recession are beginning to return to typical employment.

But the ‘pushed-into-it’ thesis is only one part of the story – and a small one at that. Polling by the RSA and Populus last year found that the vast majority of the newly self-employed (those who started since the economic crash in 2008) did so in the pursuit of greater autonomy and creativity at work. Our research also showed that over 84% of self-employed people are more satisfied with their job than they would have been working for somebody else.

So let’s be clear: this is a positive trend to be lauded not lamented.

The question we must now ask is what we can do to help this growing band of self-starters to flourish, for their benefit and the wider economy. One option is to focus on familiar policy levers. Reduce burdensome taxes, boost access to finance and pare back unnecessary red tape. And true to form, this is precisely what the present government has done. Thanks to policies such as the one-in, two-out ruling on regulation, the UK now ranks 9th on the World Bank’s Ease of Doing Business Index.

Such efforts should be applauded. But take a step back and a common pattern comes into view: nearly all focus on supporting the business rather than the individual that sits behind the business. By this I mean that policymakers have tended to overlook personal issues such as people’s access to mortgages, pension provision, maternity pay and general wellbeing. Little wonder that our poll showed just 14% of the self-employed think the Government adequately supports people like them.

So what needs to change? Among the RSA’s ideas are to extend automatic pension enrolment to the self-employed, establish a ‘right to request’ for more flexible payment terms in the housing

market, overhaul the design and delivery of Universal Credit, and introduce equal treatment under the Work Programme. Behind every proposal is a recognition that the self-employed have both rights and responsibilities, which is why we also recommend changing National Insurance levies to finance extra protection. This should not be seen as unnecessary meddling by an overreaching state, but rather as a strategic investment in the country’s wealth creators.

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The alternative is to carry on as usual. But we should know that doing so will deprive many people of the chance to enter the world of business. Indeed, entrepreneurship is already the preserve of the privileged. Our latest research finds that people who have received a windfall of more than £10,000 are twice as likely to work for themselves, and that the self-employed who own their home outright are 30% more likely than renters to last three years or more in business.

Self-employment is not meant to be an easy-ride, of course. Not everyone is cut out to work for themselves, and failure is an inevitable aspect of entrepreneurship. But too many people are struggling unnecessarily. Let’s hope this Government can get to grips with the real issues facing people who go it alone. ●

Letter from America: A future like the past

Professor Margaret Levi on a familiar story of job creation



MARGARET LEVI is Director of the Center for Advanced Study in the Behavioral Sciences and Professor of Political Science at Stanford University

“All along the shore, come in.” This was the call to the men sleeping rough on the beach and keen for work on the docks. The films *On the Waterfront* and *Cinderella Man* capture the indignity of this employment process.

This was the 1920s and 1930s, and those who later formed the longshore unions began as casual labour, treated with indifference, disrespect, and greed by their temporary employers. It is to that world we are returning. Casual labour, part-time and seasonal employment, jobs without benefits or rights – this appears to be the future of the post-industrial societies.

Those who held the old industrial jobs had a significant advantage over contemporary workers. They had factory floors, water coolers, hiring halls, and other places to gather.

But that kind of workspace is gone or transformed in the highly developed economies. Technological change and the new industries tend to separate rather than congregate workers. Workers once used those spaces to express class-consciousness; employees now have little or no class identity.

Today’s workers are an increasingly complex category. Some sit together in large spaces and gather regularly in the lunch and meeting rooms. Think Google or Uber. Some work in teams to create a product. Think Apple or Microsoft. But many have little or no actual contact with each other. Think Uber drivers or the “Turkers” of Amazon who browse online to find work a computer still can’t do.

Many of the new tech and transportation companies define a lot of their

workers as independent contractors or temporary employees hired through an employment agency. The workers thus have few rights; there are limits on collective bargaining and even access to benefits provided to others doing comparable jobs. And when jobs reduce face-to-face interactions and interdependencies among the employees, trust and solidarity, the stuff of effective organising, is harder to achieve.

The inability of workers to express voice has significant consequences for our societies. Political parties and elected officials are likely to be less and less responsive to workers who neither mobilise in labour organisations nor vote. The effect, in numerous sectors, is a decline in occupational safety, health care benefits and social insurance, and an increase in inequality and insecure employment.

Employers now have more power over their workforce. While some may argue that this enables the companies to be more efficient and wealth enhancing, there is far more evidence that unconstrained employer power leads to job dissatisfaction, lowers productivity, and passes off to society the costs of care of those who work multiple jobs or none at all.

Some potential solutions exist. Unions, such as the Teamsters, intimidated employers with a combination of leapfrog tactics (refusing to drop off or load goods for those who refused to recognise their union) and thuggery.

The latter tactic was always illegal and is not to be advocated, and the former requires imaginative new strategies.

Class actions and state legislation redefining work and employers are sometimes successful. Transforming on-site marketplaces into digital hiring halls, where employers must come to find workers and where the workers control the supply of labour, is another possibility. But how to do this in the world of the ‘gig economy’, where so many are stitching together part-time jobs, is not obvious.

The capacity to strike peacefully declines in the US as one state after another adopts ‘Right to Work Laws’ – that is, laws that restrict the ability of unions to collect the dues that support their negotiation of contracts, their lobbying and their general organisational capacity. Such legislation has passed even in states once as progressive and union-friendly as Wisconsin and Michigan.

To regain voice, employees must find new bases for common identity and action, and this requires fresh ideas, leadership and strategies. Where those will come from remains unclear.

How will the workers of the future join to express their economic and political needs/demands? The first step is forging a collective identity, of recognising a ‘community of fate’ in which their futures are entwined and they are motivated to act on each other’s behalf. Creating such a ‘community of fate’ might be the hardest problem of all. ●



The Great Fragmentation: challenges for the on-demand economy

Wingham Rowan asks if it is time for a full-spectrum employment policy



WINGHAM ROWAN is Director of the *Beyond Jobs* project (www.BeyondJobs.com) which aims to unlock the potential of irregular work

We seem to be witnessing the start of a 'Great Fragmentation' in developed economies. Supply and demand across all sorts of sectors is breaking down into smaller units. Householders renting their sofas on occasional nights pushed AirBnB to the world's fifth biggest hotelier six years after launch. Taskrabbit workers drop everything when booked for a half hour's courier work that would previously have gone to a company rostering employees for deliveries. Uber's pool of ad hoc minicab drivers had full time taxi drivers gridlocking European cities in protest last June.

Forbes calculates this volatile local hire of people or their resources is growing at 25% a year. Yet, around the world, governments are clamping down under pressure from established businesses. This fragmentation creates economic opportunity for those at the bottom of the pyramid and can provide more responsive services. Yet, it can be a gateway into the informal economy of illegal – untaxed, unregulated – transactions. For years, governments have been fighting the rise in illegal working while struggling to protect existing jobs.

Current policies do next to nothing for someone needing a few hours work today, perhaps a few more tomorrow. That person could be a carer, a parent with complex childcare issues or a sufferer from an unpredictable medical condition. Increasingly, they are likely to be on zero hours contracts; expected to be available for a primary employer's fluctuating needs, scrabbling for hours



elsewhere when not required. This blind-spot in labour market support is becoming indefensible. Ministers can no longer shoehorn citizens into traditional structures and ignore the increasingly fragmented, personalised work options.

Many in the British Government understand this challenge. For years, disparate parts of Whitehall and local authorities have funded technology and expertise to create a 21st century model of irregular work. The aim is to create fragmented work that is empowering, informed, safe, convenient, low-overhead and offers progression to ever increasing opportunities and security.

I oversaw those projects. We learned a lot about how challenging it is to get a new paradigm for hour-by-hour working off the ground in small scale pilots. It takes real heft and commitment. That has been hard to find because the Universal Credit's slow progress is putting a brake on employment innovation. To get momentum we have turned to US cities through the www.BeyondJobs.com website. With support from some key Washington

think tanks we are now engaged with senior workforce figures in America's largest cities.

The mission requires an unusually sophisticated technology platform that can seamlessly underpin all sorts of local ad-hoc transactions from cleaning, through on-demand work in a café/shop/contact centre to domiciliary care. That has been built. Now comes the hard part. Public bodies are the biggest single buyer of on-demand labour (directly or indirectly) as well as the primary regulator, owner of licensing databases, and setter of welfare and tax codes. Yet their focus remains 'job creation'.

Our work suggests it's time for full-spectrum employment policy. Yes, jobs are vital. But irregular opportunities also merit support. With a vacuum on these issues at national level, cities are best placed to seize the initiative. They can leverage budgets, relationships and facilities to go beyond jobs into also supporting less stable workers. We welcome the chance to talk with decision makers who want to get ahead of 'the Great Fragmentation'. ●

The future of trade unions

Frances O'Grady on the place of trade unions in the modern world



FRANCES O'GRADY is
the General Secretary of
the TUC

In my job, I am privileged to meet workers from all over the country. One of the workers whose story has stayed with me is Daisy, who worked in a cinema in south London. Daisy and her colleagues just weren't paid enough to live on – but by banding together as a union, they were able to get a 23% pay rise.

Daisy isn't the media's stereotype of a trade unionist. She's young, on a flexible contract, and working in the private sector. But her experience tells us a lot about the role of unions – and our future.

In 2015, unions are still about making sure that workers have a voice and some power where most of us spend most of our waking hours – in the workplace. Coming together in a union gives staff a way to speak collectively, to pool their individual power and bring some balance to the employmen

But the world has changed. Workers change jobs, employers and even careers far more frequently. Zero hours contracts and the rise of self-employment are reinventing casualisation, even as some welcome the freedom of more flexible forms of work. People are living – and remaining in the workforce – far longer. Technological innovation is all-pervasive and changing the nature of jobs. Society is becoming more atomised.

And yet most people still want a decent job they can be proud of, enough money to live a decent life and enough time to spend with their loved ones. Modern, confident trade unions not only meet those aspirations; they are also part of the answer to building

the high-productivity, high-wage economy on which working lives depend.

For unions, the future is organising in new sectors, where short-term and flexible contracts are all too common.

In some ways, these workers face the same challenges as those workers who grew trade unionism during industrialisation 150 years ago – low pay, unpredictable hours and no control over their conditions of work.

Organising in these workplaces is difficult – but some unions have shown the way, negotiating industry-wide agreements that protect the most vulnerable. And where workers find it hard to organise through fear of victimisation, customer campaigns to shame poor employers can help stop shoddy treatment. We've seen this recently with the fair tips campaign – pressure from customers changed restaurants' unfair policies.

And more than this, unions must help shape the skills revolution – which is creating better jobs for some, but leaving too many behind. All over the UK, unions are working with employers to boost workplace learning and deliver training opportunities to individual workers who otherwise would miss out. Each pound invested in union learning generates a return of £9.15, shared between the employer and the worker, in terms both of increased wages and increased productivity.

*Workers change jobs,
employers and even careers
far more frequently*

But the really big improvements could come through extending collective bargaining; using the power that comes when workers decide

together to act in their common interest, and negotiate for better training as well as pay, pensions, family friendly rights, safety at work, sickness and holiday benefits.

That's why we need to extend collective bargaining to more sectors and more industries, so more workers benefit from agreements. Social movements like the Living Wage campaign prove that there is strong public concern and an appetite for government intervention to help bring more employers to the table.

New industry-wide agreements between employers and unions could transform the working life chances of the so-called 'precariat' at a stroke – and help reduce the in-work benefit bill into the bargain. And it would give all workers a chance to progress beyond the legal floor of workplace rights to build the life they want for their families.

And that's why we are so worried by the threat to the right to strike in the Government's Trade Union Bill. The democratic right to decide together to stop work, as a last resort when an employer won't negotiate, is the ultimate source of strength when workers are faced with injustice. It is rightly used rarely in the UK – but further restrictions on this right can only tip the balance of power even further against working people. Daisy would not have won her pay rise without it.

In the union movement, our priority is building the kind of high-wage, high-productivity economy that grows the cake, and delivers fair shares. Our role – as the voice of working people in Britain – is vital in that. And we'd far rather work with the Government to deliver that vision than have to fight their threats to the right to strike. ●

Bright Blue research update

David Kirkby updates us on Bright Blue's research programme



DAVID KIRKBY is Bright Blue's Senior Research Fellow

The register of bills before Parliament is a fascinating list, and underrated as bedtime reading for the politically-inclined.

There are currently over a hundred bills before Parliament. They include the Bread and Flour Regulations (Folic Acid) Bill, Compulsory Emergency First Aid Education (State-funded Secondary Schools) Bill, Convicted Prisoners Voting Bill and the Trade Union Bill. Some are potentially momentous bills, contentious and much scrutinised; others will slip through more quietly. Either way, it feels like a busy time for policy-making!

Over the past few months Bright Blue has published research to inform public policy in a number of key areas.

This Government has sought new ways to understand and tackle poverty. Our report *Strengthening the social networks of different ethnic minorities* explored the relationship between poverty, ethnicity and social networks. There is evidence of a limited but significant relationship between less ethnically and socio-demographically diverse social networks and poverty. To help diversify the social networks of disadvantaged people from ethnic minority backgrounds, four policy recommendations were offered to boost their participation in crucial local institutions: Sure Start Children's Centres, nurseries and primary schools.

Britain's economy continues to grow, but low productivity remains a pressing challenge.

Increasing the skills of the British workforce is key. So it is welcome that a record number of school

leavers – including those from the most disadvantaged backgrounds – are enrolling in full-time higher education. But all is not rosy in the world of higher education.

Since 2010–11, there has been a sharp decline in the number of part-time higher education entrants at both undergraduate and postgraduate level. This was the subject of our report *Going part time: understanding and reversing the decline in part-time higher education*. The report identified the possible causes of this worrying decline and the barriers that individuals considering part-time HE face. Two original policy reforms were proposed to mitigate the financial barriers many of those considering part-time HE face. If we can have more upskillers and reskillers undertaking part-time HE, Britain has a better chance of winning 'the global race'.

Finally, one of the biggest concerns of policymakers in recent years has been intergenerational inequity. Or, the notion that lucky baby boomers are prospering while younger generations are finding getting on in life much tougher. We published an essay collection entitled *The generation game: spending priorities for an ageing society*, with the Fabian Society and CentreForum. This collection explored spending priorities for an ageing population to find the fairest and most sustainable funding settlement. This collection included contributions from across the political spectrum: George Freeman MP, The Rt Hon Lord (David) Willetts, Dr John Pugh MP, Debbie Abrahams MP and many more.

In the coming months we will add to our publications with a number of projects currently underway.

Britain's labour market is changing and self-employment is a big part of the story. Since 2008, self-employment has

risen dramatically, accounting for over half of all job creation between 2008 and 2014.

One in seven workers is now self-employed. At the same time, however, earnings from self-employment have fallen. It is imperative that public policy be updated to reflect these changes and the Government has recently commissioned a review to investigate the challenges faced by self-employed people. The challenges faced by those on low incomes should be seen as especially pressing. Our research *Self-employment for those on low incomes* will focus on this group, exploring their characteristics, identifying the challenges which they face and proposing policies to support them better.

London is now the world's most visited city, with strengths ranging from its flourishing 2012 Olympic legacy to a globally leading Financial Services industry. But what is the *Future of London*? What will it look like in 2050? We are putting together a collection of essays on this subject collaboration with Localis. In this collection, we will bring together leading thinkers, decision makers and industry representatives to propose radical, original ideas for London's future.

Finally, we will be publishing an essay collection on *Conservatism and human rights*. In recent years, the debate about human rights has become divisive and political, largely driven by the rulings of distant judges in Strasbourg. Against this contentious backdrop, fresh thinking on the role and value of human rights, both in the UK and abroad, is crucial. This collection will explore how conservatives can think about human rights in a positive way that draws on conservative traditions of individual freedom and empowerment. ●



The *Centre Write* interview: The Rt Hon Priti Patel MP

Richard Mabey spoke to spoke to the Employment Minister about the jobs of the future

Over the last five years or so, we have seen marked increases in the rate of employment. What do you see as the major causes of this shift?

As Employment Minister, my focus is on helping people of all ages and from all backgrounds to be able to get on in work.

We recently marked a major milestone in our long-term economic plan – more than 31 million people are now in work, the highest since records began, with a record employment rate of 73.3%. The unemployment rate is at a seven-year low and wages are also rising, meaning people are not only working in record numbers, they are also seeing more money in their pockets.

I firmly believe that our network of Jobcentres has played a major role in this employment revolution. We have more than 700 Jobcentres across the country where our work coaches do

a fantastic job, giving tailored support to people of all ages, ranging from skills training and work experience placements, through to practical help for budding entrepreneurs.

How does the Government's policy framework of taking the UK from a high tax, high welfare, low wage economy to a low tax, low welfare, high wage economy play out in your Department?

With more than 700,000 vacancies at any one time in the economy we are making sure that anyone, whatever their background, can take advantage of the opportunities being created by our growing economy.

And this can only be done by continuing to rebalance the economy, which is why the Chancellor is introducing the National Living Wage and cutting taxes for the lowest paid, and why my Department is continuing to reform welfare.

We are ensuring that people keep more of the money they earn, and that the welfare system is fair to the people who pay for it as well as the people who rely on it. That includes lowering the benefit cap to incentivise work and increasing our support for young people through apprenticeships, training or work experience placements, so choosing a life on benefits over employment is no longer an option.

Bright Blue was pleased to see the Chancellor adopt our policy recommendation of extending shared parental leave to grandparents. Do you believe we are doing enough to give people security in their later years?

No one should be written-off from contributing to the workplace because of their age. People are living longer and it is absolutely right that you are not consigned to a rocking chair and labelled 'past it' when you are in your 50s, 60s or even 70s.

Our Jobcentre Plus staff run projects around the country to support older people into employment. The fact that since 2011 Jobcentre Plus advisers have found work experience placements for more than 30,000 over 50-year-olds, just shows that you are never too old to learn something new and pursue a new career.

We are also working with employers to help them see the value and wealth of experience older workers have to offer. Those employers who discount someone on the grounds of their age are missing out on valuable skills that could be of huge benefit to their businesses.

But we are not only helping older people to have fulfilling working lives, we are also ensuring people have secure retirements. Saving for later life is crucial if people are to have the dignity they deserve in their later years and we are supporting people of all ages to do that by radically reforming the pensions system.

By the time Automatic Enrolment is fully rolled out, we estimate that 10 million workers will have been enrolled into a workplace pension. And the New State Pension that comes in April 2016 will provide a clear foundation for people to save and those who have paid full National Insurance contributions will receive around £150 a week.

You recently promised to cut the number of NEETs by 15% over the next ten years. How will the Government help to build the skill sets and know-how necessary to drive this change?

This one nation Government's ambition is for our young people to be at the forefront of the global race and we are doing everything we can to support this

The number of unemployed young people who are not students is the lowest in a decade, at 6.2% of the total youth population. While the employment rate of young people who have left full-time education is at its highest level in more than 10 years at 73.9%.

We have seen thousands of mostly young people taking part in our schemes, such as the Work Programme, sector-based work academies, and work experience, and finding work as a result. But we are not stopping there.

Through our Youth Obligation we are ensuring young people are either earning or learning, focusing on their skills or careers so they can create real futures for themselves. We have pledged to create two million more jobs and three million more apprenticeships over the course of this Government and our education and welfare reforms are supporting young people into those opportunities.

We will be working across Government to ensure that every young person is either in a job or training – so that a life on benefits is simply not an option.

Given the rise of entrepreneurship and the 'freelance economy', how is the Government supporting the self-employed?

The best way to create jobs and raise living standards is to support the private sector to flourish and we are backing businesses to do that.

Entrepreneurs are the backbone of this country and, as Employment Minister, I want anyone with a credible idea, whatever their background or where they from, to have the opportunity to become their own boss. That is why, through our New Enterprise Allowance we are supporting people on benefits to set up in business and, hopefully, to become the employers of the future.

Specifically to support small businesses and charities to create jobs, we are raising the Employment Allowance by £1,000 to £3,000 by April 2016.

The scheme provides benefit claimants who have a solid business idea with financial support and a mentor to get their ideas off the ground and so far has seen an average of 70 businesses started on every working day over the last four years. Something this government is very proud of.

But we want to go even further and have launched a DWP-led review, carried out by leading entrepreneur Michelle Mone, into how to support more people from disadvantaged areas to set up their own businesses.

As the nature of work changes, what do you see as the main challenges for Government in creating and maintaining jobs growth?

Since 2010, our long-term economic plan has laid down the foundations for a stronger economy. We have achieved record employment, businesses are creating opportunities and total pay growth is continuing to strengthen.

But we are not complacent and our focus is now building a resilient economy and delivering economic security for everyone. We are doing that by growing the economy and creating a low-welfare, low-tax and high-wage society with opportunity and security for all at its heart. ●

Why I'm a Bright Blue MP

Nick Hurd MP on Bright Blue's role in shaping forward-looking policy



NICK HURD MP is the Conservative MP for Ruislip Northwood and Pinner and a former Minister for Youth

The Conservative Party needs to be constantly nudged out of its comfort zone. In a changing world, future success as a political party depends on our ability to think deeply about the big challenges of the era. That is why I think Bright Blue is so important as a goad. Indeed more important than ever.

In his latest book, Charles Handy writes about how the most successful organisations, like Apple, buck the well-established trends of growth and decline by finding a 'second curve'. This is a "change of direction towards the future", best started before the end of the previous curve of growth.

For a political party, I think it is about constantly fighting complacency to have thought leadership on the issues that will become increasingly important to people. That is our challenge, especially demanding when we are

managing the day-to-day pressures of Government. I would argue that it becomes even more important when our political opponents are in such disarray. It is up to us.

Take the theme of this magazine – the future of work. We are already aware that our young are growing up in a world much more complicated than even the recent past. Youth unemployment is coming down but it is still too high. Many more children attend good schools but far too many are still leaving school with qualifications that will not give them choices.

The backdrop is a growing recognition that the world of work is set to change significantly. We have seen big growth in microbusinesses and the self-employed. There is an increasingly noisy public commentary around disruptive technology, automation, robotics and implications for the workplace and the role of people. The geography of economic

power is shifting, and with it the map of competition and opportunity. Powerful demographic trends will change the picture of labour supply and demand.

Attitudes in society towards the world of work and wealth creation may be changing, especially among the young. For example, 1 in 4 start-ups in London is now a social enterprise. The sharing economy is real and creating jobs that were unimaginable ten years ago. Crystal ball gazers, like McKinsey, predict a dislocated future with too few high skilled workers and too few jobs at the lower skills end. These factors, and others, converge to present a very major challenge for politicians, employers and educators.

So we need to ask ourselves very tough questions about how are we doing as a country in terms of preparing our young for the future world of work. The Conservative Party in government can point to undeniable success in terms of impressive job creation; big improvements in schools and long overdue growth in apprenticeships. We can also take pride in groundbreaking innovations like the National Citizen Service, which is helping young people develop the so called life skills that employers increasingly value.

However, we must recognize that we are still at the start of the journey to create a more secure future for Young Britain. The modern Conservative party should be looking to find the 'second curve' in pushing ourselves harder to anticipate the future world of work and the capabilities that young people will require. I back Bright Blue to be an important voice in that critical debate. ●

Nick Hurd MP is a Parliamentary supporter of Bright Blue



Going part-time: Bright Blue's recent report

James Dobson on the importance of part-time higher education



JAMES DOBSON is a
Researcher at Bright Blue

An increasing proportion of workers are having both longer careers and changing careers. To survive in Britain's flexible labour market, individuals need to be able to 'upskill' and 'reskill'. As the former Director of Strategy for the PM, Steve Hilton, wrote in his recent book: "The idea that we get trained for our careers in our late teens and early twenties and then are done is preposterously antiquated. We have to normalise readjustment and reinvention throughout life".

Part-time higher education (HE) is invaluable for this. This is reflected in the older age of the average part-time HE student. The evidence suggest that part-time HE yields significant benefits to participating individuals, including a salary premium.

However, there has been a worrying decline in part-time HE. Between 2010–11 and 2013–14, the number of UK and other EU part-time undergraduate entrants fell by 46%. Taught postgraduate entrants fell by 28% during the same period. To boost social mobility and Britain's productivity, this decline has to be understood and reversed. This was the subject of Bright Blue's latest report.

There seems to be significant latent demand for studying part-time HE. Our polling found that 37% of English adults with no experience of part-time HE had considered but ultimately not pursued it in the past five years. The report then went on to unearth the barriers these 'considerers' face.

We found that, overall, some sort of financial barrier was the most frequently cited reason for not pursuing an interest in part-time HE. Fifty-four percent of

considerers cited such barriers while 34% cited informational barriers. In particular, the most common barrier was 'not being able to afford it'. In order to address these financial barriers, Bright Blue has developed two original and innovative policies.

Our first proposal is that all eligible adults should be able to access a lifetime HE tuition fee loan account from government to pay for the tuition of any HE course – full-time or part-time – throughout their lives. Under new Government plans, some part-time students can access government back tuition loans for some undergraduate degrees, postgraduate degrees and PhDs. This results in an elitist system that favours only the most academically excellent students. Conversely, our proposed lifetime loan account will be much more progressive by allowing individuals to use it to pay the tuition fees for any type of HE course, including for an equivalent or lower qualification, modular courses and when they are aged 30 or over.

The amount in the lifetime loan account would be determined by government. The Government's new postgraduate loans will result in a student who undertakes full-time undergraduate, postgraduate and PhD study potentially receiving £44,000 in tuition fee loans. However, the loan account should be set at a low enough level to cause price competition and downward pressure on undergraduate tuition fees in England.

We believe it essential, especially considering the current fiscal climate, that our lifetime loan allowance requires no greater government subsidy than is the case under the current student loans scheme. We suggest several measures to achieve this. Chiefly, the parameters

for the repayment of the lifetime loan account should be stricter (for example, the minimum salary threshold for repayment) for every new qualification obtained, or when the student is older.

Between 2010–11 and 2013–14, the number of UK and other EU part-time undergraduate entrants fell by 46%

It is important that this new repayment model is also progressive. Sufficient subsidies should remain in the loans scheme to ensure low lifetime earners pay less than high lifetime earners. One way of achieving this is our second policy recommendation: that large graduate employers should contribute to the subsidy on our loans through the payment of a new 'graduate levy'.

We do not specify the level of this levy, nor the size of qualifying employers. As with the 'apprenticeship levy', we believe that the Government should consult on this.

This graduate levy will prevent some employers from gaining a 'free-ride' by recruiting employees who were funded by their previous employer to do a part-time HE course. It ensures that all large graduate employers contribute to the cost of a system of which they are major beneficiaries. There should, of course, be a reduction in the amount some large graduate employers pay if they are already funding some of their employees to undertake part-time study.

If Britain's workers and economy are to prosper in the future, then government must make it easier for individuals to reskill and upskill through part-time HE study. ●

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Daisy, cinema worker



The human welfare economy

Matthew Taylor proposes design principles for marrying human and economic welfare



MATTHEW TAYLOR is the *Chief Executive of the Royal Society of the Arts (RSA)*

The UK economy is performing well in conventional terms, outperforming many rival economies. Whilst this success is welcome, deep-seated characteristics of our economy, such as entrenched inequality, low productivity, and unsustainable levels of consumption remain. Our economic debates continue to be narrow and technocratic, detached from broader considerations of human welfare. This gap between top line success and underlying problems highlights two aspects of misalignment: on the one hand, between economic progress and human welfare, on the other, between short-term growth and long term economic resilience.

I propose five design principles to help us work towards a more resilient human welfare economy. By going back to first principles, a number of policies currently deemed too radical for consideration might emerge as worthy of serious consideration.

1. Clarity of mission. In order to establish how well our economy is performing, we must identify the goals of economic progress. The RSA's 'Power to Create' worldview provides one answer: substantive individual autonomy and an understanding of human wellbeing. A focus on enabling people to live what Robert Unger calls "the larger life" moves us beyond the restricted prevailing understandings of wellbeing.

2. Efficient and sustainable use of assets. This initially involves an identification of what constitutes an economic asset: everything from natural resources and people to institutions and

reputation. While disagreement on key policy questions suggests it is unlikely that such a question will result in widespread agreement, it is important as a starting point for judging the degree to which our actions are depleting or enhancing our asset base.

3. Effective and strategic use of key policy instruments. One might think of tax here; as well as being very complicated, our current regime isn't grounded in a set of consistent principles or ultimate goals. This design principle would demand that an economy oriented to long-term human flourishing would tax things likely to detract from that goal (profiteering, or intergenerational inequality) while incentivising behaviour likely to contribute (employment, socially useful innovation and enterprise). One policy that might seem attractive as a way of achieving these explicit aims is a land value tax, which would act as a barrier to inherited wealth, incentivise productive use of land, and would be difficult to avoid.

4. Empowering individuals as economic actors. Even within the sphere of consumer choice – where the criteria for conventional economic success is most compelling – concentrations of economic power curtail individual enterprise and collective choice. Thus, there is a strong case for a more robust competition regime. Beyond consumption, it is in the sphere of wider human development, particularly in relation to people with lower incomes, that the failure to enhance economic agency is more glaring. We might, for example, favour a citizens' basic income, which provides all citizens with a modest annual living allowance. This proposal is

grounded in a commitment to autonomy and dignity, and has been advanced by a diverse range of thinkers, including John Stuart Mill, Milton Friedman and Friedrich Hayek.

5. Fostering democratic and participative dimensions within existing economic institutions.

Enabling public participation can mobilise collective intelligence, foster responsibility and trust; crucially it can give policy makers the space to act for the long term. In the workplace, this might demand structures which provide greater voice and autonomy to employees; more broadly, it might mean public deliberation on the aims of industrial strategy. After all, as Mariana Mazzucato has shown, public funding and policy have lain behind much commercial innovation.

To take these ideas further, the RSA has proposed that a Citizens' Economic Council, made up of around 30 representative people, might explore the deeper strengths and weaknesses of our economy, develop core design principles for a resilient human welfare economy, and assess a set of ideas which might help to create that economy by 2030.

As the economy moves out of crisis and as living standards finally start rising, we need to reopen the substantive debate about the relationship between growth and human flourishing started by leaders ranging from David Cameron and Nicolas Sarkozy but cut short by the credit crunch. Liberal capitalism is the best system ever developed for solving human problems, but through debate, engagement and policy innovation we need to channel that creative force toward what must surely be the ultimate goal of politics – a larger life for all. ●

Tories and tax credits

The Rt Hon Lord Willetts on tax credits and the future of in-work benefits



THE RT HON LORD (DAVID) WILLETTS is *Executive Chair of the Resolution Foundation*

The Chancellor did the right thing in deciding not to pursue his cuts to tax credits. The scale of the proposed losses for low income working families was just too much for them. That was the pragmatic political argument and it was very persuasive.

But it leaves open another and deeper question. What do Conservatives think of tax credits in principle? Do they fit in to our picture of the world even if not on the scale to which Brown grew them? I went through this fundamental issue with Margaret Thatcher in the mid eighties when I helped to persuade her of the case for the family credit, the simpler and more modest precursor of what became tax credits. How we saw the issue then, offers insight into how we consider the future of in-work support.

We were trying to liberalise the British job market. But some people were not commanding very high wages. Indeed, as The Resolution Foundation has shown, in the mid-late 1980s around 1 in 5 workers were low paid (a proportion that hasn't changed much in the last 30 years), and 1 in 20 were extremely low paid (earning less than half the typical hourly wage). We might hope that over time better skills and greater demand for them would boost their earnings but meanwhile one has to deal with the world as it is.

One solution is to require employers to pay more. That used to be thought completely unacceptable and Conservatives campaigned against Labour's minimum wage because we feared it would cost a million jobs. But that did not happen. Now a minimum wage is part of the British labour market.

Indeed George Osborne took the bold move to set a new, higher national living wage which we at The Resolution Foundation warmly welcome.

But even this does not fully resolve the problem which exercised us back in the 1980s. We may feel an obligation to help someone whose wage is the lifeline keeping a family afloat but there are other workers in very different circumstances – from pensioners working to get out of the house to students boosting their maintenance grants and loans. The case for tax credits alongside labour market regulation is that there comes a point when it is better to help that worker with young kids via a top-up to their earnings than by regulating everyone's wages to the same high level.

Critics of in-work support must explain the labour market effects of making employers foot the entire bill for supporting the incomes of low-paid working families

One way to design this top-up payment – and the way we designed the Family Credit – is to reflect the design of the benefit system so the extra help that an unemployed family gets per child is reflected in in-work top-up payments per child too. This also ensures you are always better off working rather than on benefits.

However, the critics come back with the objection that employers are exploiting this system to get away with paying lower wages than they otherwise would. This argument draws support from both the left and the right – indeed

some dismiss tax credits as a form of 'corporate welfare'. But there is no evidence to support this assertion. Recent Resolution Foundation research into the possible wage effects of in-work support found no evidence of lower earnings growth among those most likely to receive tax credits.

The economists will argue that the macro-economic impact does not depend on employers having such specific knowledge – it shows up in an aggregate effect on wage pressure in the job market. But one of the main macro-impacts of tax credits has been strong employment growth, particularly among single parents.

Above all we should look to see which countries have earnings top-ups – the leaders are the US and the UK. Earning top-ups are part of the deal when you have a particularly open diverse labour market employing people with a range of needs and on a range of terms. In that case, an earnings top-up is surely a price worth paying.

Critics of in-work support must explain the labour market effects of making employers foot the entire bill for supporting the incomes of low-paid working families.

They should also recognise that – with employment now at an historic high – worklessness is no longer the pressing labour market challenge it was 20 years ago.

But working poverty is. And with the majority of children in poor families now living in working households, a complete withdrawal of in-work support would lead to rapidly rising poverty – an outcome all of us should want to avoid.

We need a mixture of in-work benefits and a national living wage. They both have a job to do. ●

The future of the Living Wage campaign

Neil Jameson on the importance of pay reflecting the cost of living



NEIL JAMESON is the Founding Director of Citizens UK

The Chancellor's announcement in the Summer Budget that he will introduce a higher minimum wage for over 25 year olds was a milestone for Citizen UK's 15-year campaign for a Living Wage and an important win for millions of low paid workers across the country.

The campaign for a Living Wage began in 2001, when Citizens UK brought together communities in East London to discuss what changes would improve their lives. Parents spoke of the hardship they faced working for poverty wages, many of them working two jobs and still struggling to make ends meet. At the time the National Minimum Wage was just £3.70 an hour.

The UK has one of the highest rates of low pay in the developed world

Citizens UK is a coalition of grassroots institutions who began to ask employers who could afford to pay more to pay a wage that reflected the basic cost of living for all workers over 18. The rate, set by independent calculation bodies each year, is currently £8.25 an hour, and £9.40 an hour in London – significantly higher than the current minimum wage, at £6.70, and the new over 25s rate, which is due to kick in at £7.20 in April 2016.

The campaign has been at the forefront of efforts to ensure that the most socially and economically disadvantaged communities are paid a

decent wage and have access to secure and meaningful work.

The number of Living Wage accredited employers has doubled to more than 2,000 over the past year, and earlier this month we celebrated their leadership in a national week of action and events. They now include more than a quarter of the FTSE-100, household names such as Unilever, ITV, Nationwide, Chelsea FC, KPMG, Oxfam and the Houses of Parliament, and small businesses across many different sectors. The campaign has made strong in-roads into low paying sectors such as cleaning and catering, and in recent months has seen a major breakthrough into retail – with IKEA, Oliver Bonas and Lidl all announcing their decision to go beyond statutory requirements and commit to paying their employees and sub-contracted staff a rate that meets their basic needs.

But with one in five employees on low pay, there is still more to do. The UK has one of the highest rates of low pay in the developed world, and the Government's proposed changes to the welfare budget mean that living standards could continue to be an issue in the years to come.

Our priorities are to drive more progress among the FTSE-100 and in sectors hiring large numbers of low paid people. The success of the campaign has historically been rooted in the benefits of paying higher wages, including reductions in staff turnover and improvements in staff performance. The Living Wage Foundation – an initiative of Citizens UK set up to promote, accredit and support employers to pay a Living Wage – is currently working with several major retailers to develop new tools to support employers in low

paying sectors to move to a Living Wage and maximise the benefits by addressing wider issues such as insecurity, low skills and weak productivity at work.

The number of Living Wage accredited employers has doubled to more than 2,000 over the past year

The future of the campaign will also remain firmly rooted in Citizen UK's mission to develop civil society's capacity to take action on issues that matter to them. For many years, people living outside areas where Citizens UK is active have asked us how they can take action on the Living Wage. Earlier this month we launched a new Living Wage People's Movement to harness that energy by supporting local campaign groups to raise awareness and encourage employers in their towns and cities to pay the recommended Living Wage rates. Our new interactive map of all accredited Living Wage Employers means that, for the first time, people can search for Living Wage employers or products and services in their area.

The pressures disadvantaged communities face have not gone away. As long as low pay and insecurity at work exist, we will continue to push for a Living Wage that reflects the basic cost of living, supports healthy family life, and is the foundation of a modern workforce in the 21st century economy. ●

Bright Blue was proud to become an accredited Living Wage employer in October 2015

Is the Conservative Party now the workers' party?

David Skelton on being on the side of working people



DAVID SKELTON is the
Director of Renewal

When we launched Renewal in the heatwave summer of 2013, our express goal was that the Conservative Party should be seen as the 'workers' party', unapologetically being on the side of working people. And with policy moves like the Northern Powerhouse and the National Living Wage, the Party is going a long way to make that a reality.

Now, with Labour's catastrophic doubling down into the obsessions of Islington and its election of Jeremy Corbyn, Conservatives can take this opportunity to win over what were once loyal Labour voters. Put simply, the votes of the patriotic working class, now disengaged from Labour, but still sceptical about some of the market liberal elements of Conservatism, are up for grabs and whichever party can show itself to be genuinely on the side of working people can reap a rich dividend. If the Conservatives can do this, then they can win a far bigger majority at the next election.

A political party that shows it is on the side of workers will need to show how they can ensure that the next generation workplace is one in which workers feel engaged and empowered. An economy that is still too dominated by low pay and low skilled jobs should become an economy that is dominated by high paid and high skilled jobs. Equally, an economy where too many workers see their pay cheque disappearing in rent needs to be an economy where more people are on the housing ladder, rather than being stuck in poor quality private rented accommodation.

The most successful workplaces in the future will be those where workers

feel empowered and engaged in the future direction of the company. The British workplace should be one that boasts high skilled, empowered workers, with both government and employers investing to make sure that workers are highly skilled in the skills needed in today's workplace. The UK needs to be the world leader in engineering and technology, for example, rather than continuing to trail many of our major competitors.

The future British workplace should be one defined by what Zenyep Ton of MIT described as the "Good Jobs" strategy. Firms should realise that pruning margins and cutting costs isn't a sustainable route to success in an economy where the highly skilled companies and countries will prosper. Instead, the most successful companies will be those who invest in training their staff and boosting their skills and regard a well-paid workforce as a more productive one that will be loyal to the company and its goals.

A successful political party in this new environment will also be one that is comfortable with the language of social justice and compassion – driven by a moral imperative that no individual and no part of the economy should be left behind. The 'Northern Powerhouse' should be expanded to help revive those towns and villages that have been struggling since deindustrialisation in the 1970s, '80s and '90s. And both government and employers should ensure that people don't become stuck in low-paid work for a prolonged period of time.

Conservatives should think twice before endlessly complaining about 'regulation' in the workplace. Of course, some regulation is excessive, but some of the 'regulation' that is attacked

is that which enables workers to spend more time with their families, to be treated fairly by their employers and to have a reasonable work-life balance.

Equally, Conservatives shouldn't sound unremittingly hostile to the role of trade unions in the workplace. As Nissan in Sunderland, the most productive car plant in Europe, has shown, effective cooperation between unions and management means a workforce with higher morale and a more productive workplace. Politicians should be talking more about how unions can play a more constructive role in the workplace, ensuring that workers feel more engaged in how their companies are run. Such a shift would also help trade unions become more relevant in the private sector, where they have become an endangered species.

The future workplace presents fundamental challenges and opportunities for politicians and political parties. The most successful will be those who are seen as pro-business, pro-worker and pro-opportunity, combining economic competence with a compassionate belief in social justice. Conservatives should take advantage of the gap opened by the Corbyn fiasco to park themselves squarely in this space, showing that they can be the party of the factory worker just as much as they can be the party of the small business owner.

Conservatives should remember that there is no inevitability that Labour will perpetually lack economic credibility and be led with somebody who is universally regarded as unsuitable to lead the country. Tories should use the next few years to show that they can be the party fundamentally on the side of workers in the new workplace, just as Labour reheated outmoded platitudes from a bygone age. ●

Narrowing the gender pay gap

Philip Salter highlights the nuances of the equal pay debate



PHILIP SALTER is Director of
The Entrepreneurs Network

In these enlightened days, nobody apart from the most contrarian of internet trolls, is in favour of discrimination. So how do we explain the gender wage gap – the much-discussed gap between what men and women earn? Do we live in a world of hypocrites? Or are people in positions of power discriminating against women without knowing it?

Perhaps the best place to start in unpacking the gender wage gap debate is to acknowledge that pay can be measured in different ways.

By some measures, for example, men are paid less than women. Last year, the Office for National Statistics opened up a can of worms when it revealed “women working for more than 30 hours a week were actually paid 1.1% more than men in the 22 to 29 age bracket and, for the first time were also paid more in the 30 to 39 age bracket.” However, women on average earn less in weekly wages and there are greater and lesser disparities depending on the industry.

Similarly, according to George-Levi Gayle and others, controlling for executive rank and background, women earn higher compensation than men and are promoted more quickly. But this research also finds that women experience more income uncertainty, and acknowledges that fewer women than men become executive managers, women earn less over their careers, hold more junior positions and exit the occupation at a faster rate.

The decision to have and raise children is probably the most significant factor in why women are paid less than men. In an interesting piece of

research, Petter Lundborg and others found that having children impacts women’s prospect in the workplace negatively, significantly and for a long time.

And as Ben Southwood of the Adam Smith Institute explains: “Women are on a steady upward trajectory, likely in line with comparable men (as seen in previous studies). They then decide to take time out to have and raise children, and never make it back to their previous trend-line, perhaps moving to more flexible work or less demanding jobs. Even those who go back to similar careers are far behind in experience and have to catch up with movements they have missed.”

Assuming policymakers are not going to interfere any further with women’s preferences for taking time out of the workforce to have and care for their children, the question should be: what, if anything, can we do to help get women’s pay back on trend?

Although policies like shared parental leave probably help at the margins, not many fathers are taking up the option. A more radical solution could be to offer a tax break for women returning to work to compensate them for the time they’ve taken out and the cost it imposes on future earnings.

However, such a policy would also need to factor in other preferences besides having children. As David Lubinski says, men seem to prioritise higher pay, risk taking and merit-based compensation, whereas the top three things women valued more than men relate to working a shorter week.

These splits may or may not be socially conditioned, but either way once again I’m not sure policymakers should be using carrots or sticks to goad women to be more like men

or penalise men for having stronger preferences to work longer hours.

Even though it doesn’t look as though there’s an easy policy lever to balance things out, technology and new working practices look to offer those women that want to get back on the same pay trend as men after leaving the workforce to have and raise children, as well as satisfy the desire for working fewer hours at less overall cost.

If we really want to narrow the gender pay gap, we shouldn’t look to government for quick fixes but for businesses to step into the twenty-first century

In *A Grand Gender Convergence: Its Last Chapter*, Claudia Goldin argues that the US gender pay gap exists because hours of work in many occupations (such as law, finance and management) are worth more when given at particular moments and when the hours are more continuous. However, she demonstrates how this has changed in some industries, including biological sciences, pharmacy, optometry, and veterinary medicine.

It might take time to trickle through all our corporate behemoths, but technology and changing views of where, when and how long people should work offers the option for all women to earn the same as men per hour (even if men still choose to work more).

If we really want to narrow the gender pay gap in a way that accounts for women’s preferences, we shouldn’t look to government for quick fixes but for businesses to step into the twenty-first century. ●

Pride and prejudice in an ageing workforce

Christopher Brooks calls for sense and sensibility in helping older people work



CHRISTOPHER BROOKS is Senior Policy Manager for Consumer and Community at AgeUK

According to the latest Office for National Statistics figures, over 30% of the UK workforce is aged 50 and above, and there are over 1.1 million over 65 still in employment. As the State Pension age continues to rise, reaching 67 by 2028, more and more people are likely to decide to keep working, meaning this number is only going to increase. The need for government and employers to understand what this means has never been greater.

Maximising the skills and experience of our ageing workforce is essential. An oft-quoted statistic from the Department for Work and Pensions is that halving the employment gap between 50-to-64 year olds and people in their 40s in 2013 would have added 1% (£18bn) to nominal GDP – this is a clear statement of the gains for the UK, while for employers there are potential benefits in recruitment, skills utilisation and productivity.

There are some employers who clearly ‘get it’, and numbers in this group are increasing. The impetus given to the agenda by Ministers, flagship employers and other stakeholders over the past few years has without doubt enabled significant progress. But we also need a wider debate about how to make workplaces accessible – both physically and psychologically – for older workers.

Age UK has been doing much thinking about what might help older workers stay in productive and enjoyable work, as well as being able to fulfil their potential. Employers are of course crucial in this – there are various factors that they need to

consider if they are to get the most out of their 50+ employees. Here we put them into three broad groups.

First, psychological. This refers to the organisational culture and the day-to-day working environment. Achieving an open, trusting relationship between management and other employees, where people can speak openly about their problems and ambitions without fear of recrimination is important. Crucially, this includes eradicating discrimination and the use of stereotypes in decision-making at all levels – restoring the ‘pride’ and eliminating the ‘prejudice’. Ambitious, yes, but something to strive towards nonetheless.

Second, practical. Linked to the cultural aspects, this is how the organisation develops and implements HR policies, trains line-managers, uses technology to aid workplace design, and aligns the skills and experience – as well as the aspirations – of its 50+ employees (and future employees) with its organisational objectives.

Third, personal. At the employee level, this means ensuring that people have ‘good jobs’, which evidence demonstrates is beneficial for health and wellbeing, as well as productivity. Good jobs that allow people to take responsibility, offer decent pay and improve their wellbeing help to facilitate longer working lives and enable employers to benefit from this too. Without this ‘personal touch’ many workers, particularly those in lower skilled roles, will have less desire to keep working and be regarded less favourably by their employer.

The Business Champion for Older Workers, Baroness Altmann (now the Pensions Minister), framed the ‘Fuller Working Lives’ agenda

around ‘three Rs’ – Recruit, Retain and Retrain. We fully support this approach, as it is simple for employers to understand and encapsulates the major issues. Combined with the ‘three Ps’ outlined above, employers can create the processes for maximising the skills of older workers that we believe will help them to succeed as demographics change.

Flexible working underpins all of this. Older workers like flexible working for a variety of reasons, for example to meet their caring responsibilities or to manage a health condition.

Age UK has also analysed how flexible working is used among older workers. There are clear barriers emerging – genuine flexibility is too often unavailable at point of recruitment (hence the 26-week qualifying period for the ‘right to request’ should be abolished); rarely offered to lower skilled workers (indicating employers only use it when ‘easy’); and is still often used as a tool for managing people rather than to facilitate improved work-life balance. Access to genuine, worker-friendly flexibility needs to improve, and quickly, if fuller working lives are to become a reality. That is why we’ve suggested all jobs should be ‘flexible by default’ by 2020 – going beyond the right to request, where the employee can assume they can work flexibly unless the employer can justify otherwise.

It won’t be easy for employers and the public to undo ingrained prejudice about the perceptions of later working life and retirement. But a lot more sensibility is essential if the UK is going to thrive with an ageing workforce. ●

The wasted talent of female NEETs

Carole Easton on getting young women into work



CAROLE EASTON is
Chief Executive of the
Young Women's Trust

"I knew I was going to have to work my way up from the bottom, but I couldn't even get a job at the bottom. I wasn't expecting to have a dream job land in my lap but at the same time I wasn't expecting to be turned away from places like McDonalds."

This was the experience of Emalene, one of the young women interviewed in 2015 for the Young Women's Trust inquiry *Scarred for Life*, which focused on the situation of young women who are NEET (not in education, employment or training). The title reflects how serious the long-term consequences of youth worklessness can be.

Recent publicity has shown that it is white working class boys who are over-represented amongst those securing poor academic qualifications. This can easily lead to the assumption that it is these young men who are most likely to be NEET. But Department for Education statistics show that many more women than men aged 18–24 are in this position, now 408,000 compared to 313,000, and that this discrepancy has existed for over a decade.

On average young women are NEET for longer – three years compared to two for young men – and the impact on their futures is greater. They are more likely than both those who have not been NEET or men who have been NEET to be unemployed in the future; they are also likely to earn less (measured with reference to subjects aged 34).

The fact that more young women go to university and get degrees can lead, in a similar way, to assumptions that it is young women who are earning more or who are more likely to be in secure jobs.



But yet again, for women, academic qualifications are not translating into higher salaries. Young male graduates earn more than young women, even when they study the same subject.

This difference is apparent in apprenticeships too. YWT's poll commissioned from ComRes showed that female apprentices are paid on average £2,000 a year less than their male counterparts if they are working full time. This is likely to be related to the types of apprenticeships that young women undertake, for example social care and health and beauty pay less than IT and engineering.

This is the background to YWT's annual report about young women and work, *The Clock Turns Back for Young Women*. It shows that young women take a more gendered approach than older women towards professions and work and think that many traditional male roles are out of their reach. In relation to the roles of electrician, ICT technician, construction worker, care worker, nurse and plumber, women over 30 were much more likely than younger women to say that the role was suitable equally for men and women.

There is a big chasm about to open up between the skills needed in industries such as ICT and construction and the number of young people available to fill these increasing numbers of vacancies. Young women seem to have responded to the reality of

a landscape in which little has changed in a generation and creative responses are needed to break into this vicious circle. Women and Manual Trades reports that there are only 2% of women "working on the tools" and this figure has persisted for decades.

Valuable talents will go to waste without urgent action. For example, YWT is encouraging employers to improve the recruitment and retention of young women in industries where they are currently under-represented. Our poll demonstrated too that there is an appetite amongst the public for greater enforcement of the National Minimum Wage, with 81% of those aged over 30 agreeing that employers should face tougher legal action for offering remuneration below the minimum wage (67% of those aged 30 and under).

Ninety five percent of NEET young women polled by ComRes said they want to work. But with limited choices available to them, young women are being forced back into traditional roles with few opportunities to enter and progress in the job market. Despite what they really want to do, staying at home may be their only option and they know it. YWT is calling for improved recruitment and employment practices to attract and retain young women in a broader range of employment opportunities. We know this will benefit young women, their children and the UK economy. ●

Deregulation holds the key to affordable childcare

Kate Andrews reports on the future of childcare



KATE ANDREWS is a
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Adam Smith Institute

Starting next year, all working parents will be able to claim up to 30 hours worth of 'free' childcare. This is estimated to affect 600,000 families to the tune of roughly £5,000 per year.

However, despite the Government's generous giveaway packages, childcare remains one of the biggest expenses for UK households, akin to other topical necessities, like housing.

To send a child under the age of two to nursery, just part-time, costs families an average of £6,000 per year; for middle-income earners, coming up with the additional funding is going to be a stretch, not to mention the burden those costs have on low-income families, or single parents.

Now factor in full-time childcare costs (roughly £11,000 a year, or a staggering £14,750 in London), or the cost of having multiple kids in childcare; the costs become nearly impossible to match, and families are forced to make concessions.

And those concessions have consequences. For one thing, some families find that the cost of childcare is too high to justify having both parents back at work. For many families, the second income just manages to cover the childcare payments. In some cases, childcare costs actually exceed the net income brought home by the second earner.

These high costs disproportionately affect women, as more than twice as many women, at 29%, than men (14%) have found that returning to work after having a child isn't financially worthwhile. Many women, who want to work, are forced to stay at home until

their children enter full-time education, diminishing their potential earnings when they return to work. The gender pay gap – a hot topic of discussion in the UK – is not a gap between men and women per se, but rather a gap between mothers and non-mothers; the latter usually earning as much, if not more, than their male colleagues while the former sees a drop in their income.

No one disputes that childcare costs remain a burden to families. At every income level, parents are getting priced out of the kind of childcare they want

Childcare payments have also been a driving factor in the tax credits debate. While the government is right to make good on its mandate to reform the welfare system, many working families are dependent on tax credits to provide daytime care for their kids. Though the threshold to receive child tax credits may seem relatively high – paid out to couples earning collectively up to £41,000 a year – the cost of childcare is also so high that it can cut a couple's income down by thousands of pounds a year.

No one disputes that childcare costs remain a burden to families. At every income level, parents are getting priced out of the kind of childcare they want. The real debate is how to lower the cost of provisions while still maintaining high standards of care in the sector.

But if the UK is to reform childcare provisions to make them affordable for families, political leaders will need to swallow a tough pill: despite good

intentions, it is government subsidies that are perpetuating the distorted and expensive childcare market.

Even in the past year, the cost of putting a child under the age of two into childcare part-time has risen by 5.1% – above the rate of inflation. Come 2016, the increased childcare benefits on offer will continue to exacerbate the problem and drive prices up even higher.

The only way to tackle these costs is for the Government to cut off the vicious cycle of funding that keeps this bloated industry afloat and take on expensive regulations that remain some of the harshest in Europe.

Ofsted's childcare regulations are especially stringent, including strict mandatory child-to-staff ratios. In the UK, child to child-minder ratios are 1:3 for children aged 1 or younger, 1:4 for children aged 2–3, and 1:8 for children aged 3+.

In contrast, countries like Denmark and Germany have no mandatory ratios for children to child-minders (at any age), yet manage to keep the quality of childcare at a safe and acceptable level. This allows nurseries to keep staffing costs relatively low, which in turn results in cheaper childcare costs for families.

Just like housing, the government continues to throw money at problematic sectors instead of reforming the regulations that keep costs high. Not only does this waste money, but it reinforces the cost of living crisis that keeps so many people, who could otherwise be self sufficient, dependent on government benefits and handouts. It is within government's power to deregulate childcare to the point of affordability; but under current policies, 2016 will usher in even higher costs and even higher burdens. ●

BOOKS & ARTS

Winston Churchill Reporting: Adventures of a Young War Correspondent

By Simon Read



KEITH TOMLINSON is an economic and investment researcher

Nearly half of RAF Bomber Command crews never returned from their missions in the Second World War, the highest casualty rate of any of the services. When I asked Simon Read how he came to write about Winston Churchill, he told me his grandfather served in that war as a tail gunner. His log book told a moving story of courage, determination and survival against the odds.

Churchill, who led Britain with such defiance in those years, had also revealed great moral and physical courage as a war correspondent between 1895 and 1900. This he felt would be a great story. Indeed, it is. Simon Read's *Winston Churchill Reporting* is an absolutely rollicking adventure.

Driven by a desire to follow in his father's footsteps in politics, Winston Churchill reasoned that performance in battle would win him a name and thus an entry into politics. Churchill's family name and particularly his mother's influence were to provide the opportunity, combining his already well-honed writing skills with military training as a superlative war correspondent.

Read first takes us to Cuba, where Spanish soldiers were putting down an 1895 rebellion against colonial rule. He describes Churchill's experience reporting this insurgency as a dress rehearsal for the assignments which followed. In Cuba, the dangers of being

a war correspondent were soon made clear: "Churchill was biting into a bony chicken when enemy fire battered the clearing. One round, missing Churchill's head by no more than a foot, struck a nearby horse" (p. 34). Injury or death had seemed remote until now. The mortally wounded horse had to be put down. Read feels Cuba proved definitive.

Churchill's dispatches were well received, except by the Foreign Office, where Churchill, a serving British officer, minced no words in saying the Spanish would lose against the rebels. Top brass read this with great interest but it was awkward, given a family friend Sir Henry Drummond Wolff, British ambassador to Madrid, had arranged the posting. The experience proved Churchill was a good journalist and understood war.

"Who could say if any of it meant anything?" (p. 87), wrote Churchill of his 1897 experience as correspondent attached to Sir Bindon Blood's Malakand expedition on India's North-West frontier. Britain's aim was to create a buffer against the Russians but the fiercely independent Pashtun tribes strongly resisted. The fighting was brutal but Churchill found war exciting: "It stripped away all pretense, blew away the façade, and exposed a man for who he really was" (p. 88). His book *The Story of the Malakand Field Force* was dedicated to Sir Bindon Blood, who he had met the year before. Blood allowed Churchill to join his

expedition, but only as a correspondent from a reputable paper.

As it happened, Churchill only found the backing of such a paper well after departing on his trip to join Blood, where more than 200 of the 1,200 strong force were killed or wounded.

Read's description of Churchill's 1898 cavalry charge in the Sudan makes the heart race. The Prime Minister, Lord Salisbury, who enjoyed *The Story of the Malakand Field Force*, helped to secure him a place with Lord Kitchener's army which was about to re-conquer Khartoum. Kitchener did not want him there, but Churchill soon proved himself in a desperately bloody battle. "A trumpet sounded the order to gallop. The Lancers thundered forward, hooves beating the ground and lances at the ready" (p. 115). So began the last great charge of British cavalry, Churchill a lieutenant attached to the 21st Lancers, pitted against a Dervish army of Islamic fundamentalists.

The 400 strong Lancers easily broke through the first line of Dervish riflemen, only to discover the terrifying sight of 3,000 more, which had been obscured by a depression in the ground. The vastly outnumbered Lancers charged through the 12-deep Dervish line, and a brutal battle was underway.

Churchill himself shot three Dervish, and saw men on both sides horribly disfigured with injuries. The action ended with the Lancers losing 71 men and 119 horses, a significant part of the regiment. In one >>

>> of his many close scrapes, Churchill quickly put his horse into a gallop as two Dervish opened fire from just 20 yards away, astonished not to be hit at the crack of the rifle fire. His next book *The River War*, a broad history of the Sudanese conflict, did not paint a favourable picture of Lord Kitchener.

A prisoner of war in South Africa, Churchill was served coffee in bed each morning, along with the other captive British officers. He was also able to continue writing his dispatches and even left a nice letter addressed to the Boer Secretary of State on his bed, following his escape. Churchill wrote that he was a journalist not a soldier but he had no complaints about his treatment as a prisoner. The long journey back to British lines was not so civilised, spending several nights in a coal mine. Rats ran over him as he slept and even ate his candle.

Churchill was lucky to find a sympathetic mine owner, given the £25 bounty on his head, dead or alive, and even luckier to be there at all, given Lord Kitchener was one of the generals in charge. His new books *From London to Ladysmith* and *Ian Hamilton's March* secured both his reputation and income. By age 25, a war correspondent in three major campaigns and author

of five successful books, Churchill was ready for politics.

Yet Churchill's early life is a contradiction. "He has no ambition", said the headmaster of St George's, his first school. At Harrow he "dazzled school officials with a blaze of complacency". And finally, after three attempts at the entrance exams, Churchill eventually entered the Royal Military College at Sandhurst, but with scores too low to be considered for a future commission. All of which convinced his father, Randolph, that Winston was destined for failure.

I asked Simon Read how we should reconcile Churchill's poor academic performance with winning the Nobel Prize for Literature; faring poorly at Sandhurst's entrance exams then leading a cavalry charge; managing a death defying escape as a prisoner of war, and consistently defying authority. He replied simply that the young Churchill was an adrenalin junkie who gets bored easily, "he did the things I would never have the guts to do."

Read believes Churchill was driven by the desire to measure up to his father, Randolph, who was harshly critical of his son. Randolph also died young at 45, which left Winston convinced he would too. Read offers other interesting insights. As a child

Churchill was fearless. Whist playing, he once jumped from a bridge to a tree but, unfortunately, missed the tree and fell to the ground 29 feet below. He spent three months recovering. And though Churchill had little interest in dead languages, he excelled at English and was a voracious reader of history. He enjoyed the military, graduating with honours from Sandhurst. As for how Churchill survived his many scrapes with death, Read suggests it is a combination of luck, skill and destiny.

Simon Read's fast paced book makes Winston Churchill's story accessible to many new readers, who can simply enjoy the pure adventure. At another level, the obvious parallels with today's conflicts, in these very same regions, should cause us to think carefully about what we expect to accomplish now, more than 100 years later. *Winston Churchill Reporting* is an insightful look at what motivated one of the most prominent men of the 20th century, who went on to lead his country during its fight for survival. But most of all, Read nails it with a book that is just such good fun. ●

Winston Churchill Reporting: Adventures of a Young War Correspondent, Simon Read; Da Capo Press; 288pp; £17.79

The Rise of the Robots: Technology and the Threat of Mass Unemployment

By Mark Ford

Will Humphries deciphers the relationship between technology and unemployment



WILL HUMPHRIES is currently researching for his DPhil in Renaissance Literature at Oxford

Though the title of Mark Ford's latest book, *The Rise of the Robots*, conjures images of a Terminator-style

Armageddon, the future that the author predicts will be a far greater challenge to policy-makers than any sci-fi film could imagine. Dividing his analysis across ten chapters, Ford offers a convincing vision of how advancing robotics and artificial intelligence will

fundamentally reshape the labour market.

British readers will appreciate that this new issue has been substantially rewritten to include economic data from the UK – grounding Ford's predictions in localized examples

and economic trends. The disturbing conclusion is that the tendency for robotics to hollow-out sectors of the labour market will not only continue but accelerate as technology begins to replace white-collar as well as the more obvious manufacturing jobs.

In a series of graphs presented early in the book, Ford challenges the notion that productivity in the Western world (often heralded as the cause of slow or stagnant growth) is in decline. Instead, he offers a more profound insight, that since 1973 in the US and 1992 in the UK growth in labour productivity and real, median salaries have decoupled.

While traditional economics has long believed in the the parallel growth of these two figures (suggesting that as labour became more productive it would demand proportionally high wages), Ford demonstrates that, in the US particularly, compensation for production and nonsupervisory workers has in real terms barely increased over the last forty years despite productivity more than doubling. This, he suggests, is almost entirely down to the role of technology.

What seems certain is that flexibility in the labour market will be vital to ensuring high levels of employment

As automation has challenged labour-intensive industries such as farming and manufacturing, the supply of available labour has vastly outstripped the demand, forcing wage compression and off-shoring with the result that western economies have undergone a fundamental restructuring towards service industries.

Whilst this may not seem a revelation to many who have studied the labour market over the last forty years, it offers a useful insight into the impact that intelligent technology will have on the service-based economies. The retail

sector, in particular, has already faced serious challenges from technology, with online services vastly reducing the number of workers required to produce the same output. The problem is that there are, as yet, no obvious industries that will employ this glut of downsized labour – the farming, to manufacturing, to services trajectory seems to be at a dead-end.

What is particularly alarming in Ford's account is his prediction that as technology becomes more 'intelligent' it will begin to challenge middle-class jobs that were once thought safe from automation. As Ford notes, in the future it will not merely be jobs that are "routine" that are replaced by robots, but those that are "predictable" – if someone could learn how to do your job by studying a record of everything that you've done, then chances are a robot may one day do it instead of you.

It would be easy to get carried away guessing at the potential technologies that could be just around the corner, but instead Ford offers his readers hard data that makes his short-term predictions not only compelling but precise. Looking into the long-term, the potential implications of mass unemployment resulting from automation have highly disruptive effects when demand for goods and services in the economy simply dries up. Whilst there will always be an elite made wealthy through their ties to the capital of an economy or personal innovation, how many cars or haute-cuisine chefs does a billionaire really need?

Unfortunately the weakest chapter of Ford's book is the one that deals with policy suggestions. His proposal for a citizens' wage fails to account for where the money will be raised, nor does it configure this policy in the global economic nexus. Similarly, he contradicts himself when he suggests that education should be a funding priority when earlier in the book he argues that hard work and study will

no longer be a route to job security – something he backs up by noting the number of university graduates who are over-qualified for their current jobs.

In the future it will not merely be jobs that are "routine" that are replaced by robots, but those that are "predictable" – if someone could learn how to do your job by studying a record of everything that you've done, then chances are a robot may one day do it instead of you

The Rise of the Robots is best read as a call-to-arms – and whilst it lacks credible suggestions as to how our economies will be able to restructure under advanced automation, it will certainly spark policy-makers into taking this issue seriously. We are beginning to discover, as Ford so succinctly puts it, that "from the perspective of a great many workers, computers will cease to be tools that enhance their productivity and instead become viable substitutes". How we face this challenge is key to shaping the future prosperity of the UK.

What seems certain is that flexibility in the labour market will be vital to ensuring high levels of employment. Twentieth-century obstinacy in the form of over-unionised labour will accelerate rather than slow the rate of automation, as firms simply mitigate their risk from strike action by replacing man with machine. With the Labour Party slipping further into the past, it will be the role of the Conservatives, as the party for working people, to seek viable, market-led solutions to the issues raised by technology's advance. ●

The Rise of the Robots: Technology and the threat of Mass Unemployment, Martin Ford; Oneworld Publications; 352pp; £18.99

Thatcher's Trial: Six Months that Defined a Leader

By Kwasi Kwarteng MP

Diane Banks reminds us of key moments in Margaret Thatcher's leadership



DIANE BANKS is a literary agent and a non-executive director of Bright Blue

Thatcher's Trial presents a concise, beautifully written argument for the six months from the 1981 budget to the Cabinet reshuffle of September that year, establishing Thatcher's place in history as a leader.

Kwasi Kwarteng uses the turbulent sequence of events during this time – the government's unpopularity, Geoffrey Howe's controversial budget, unrest in Ireland, urban riots, strikes and a brutal Cabinet reshuffle leaving many to question the *raison d'être* of the Conservative Party – as the backdrop for examining Thatcher's defining characteristics.

Whatever one thought of her actions at the time - and it's hard to deny that she could be brutal - her methods worked

First and foremost is that she “saw the world in basic, even simplistic terms”, her thinking underpinned by core ideas such as freedom, the rule of law, good and evil, and small government. The book makes much of her Methodist upbringing, an influence which is certainly difficult to ignore given her frequent references to her faith in her speeches and her sometimes bizarre – many would say flawed – comparisons between the role of a prime minister and the role of a prophet. As Kwarteng points out, it wasn't only Keynesian economics which made no sense to her. She would have found the

way Keynes and his Bloomsbury cohorts conducted their entire lives completely unfathomable.

A political career worthy of being written about is necessarily long and multi-faceted

Thatcher's binary way of thinking led to an attempt to create a binary cabinet, with the September reshuffle seeing the more moderate, traditional, older, privately educated Tories such as Christopher Soames, Peter Thorneycroft and Ian Gilmour ousted, in favour of largely grammar school educated Thatcherite loyalists such as Cecil Parkinson and Norman Tebbit.

Whatever one thought of her actions at the time – and it's hard to deny that she could be brutal – her methods worked. She went on to hold office for another nine years, coinciding with a massive economic upsurge and re-establishing the UK's place on the world stage.

Kwarteng's argument works too. This is a short book covering a short period of time and it is possible to make any number of arguments for other moments in Thatcher's long and illustrious career being definitive. Yet it is difficult to think of such an extensive sequence of obstacles occurring in just a few months so early on in any other leader's career, rooted in a period of great unpopularity.

Thatcher's Trial is a very twenty-first century biography, fitting in with a trend in both print and on stage for examining a snapshot in time or



concentrating on an aspect of character. Notable examples of the genre are Ben Brown's 2011 play *Three Days in May*, James Graham's *This House* (2012), Richard Davenport-Hines's *Universal Man: The Seven Lives of John Maynard Keynes* (2015) and numerous books on aspects of Churchill's life, one of which is reviewed in this magazine.

A political career worthy of being written about is necessarily long and multi-faceted, and whilst there will always be a place for the seminal biography, space given to scrutiny of one element of a complex subject does refresh the debate. Kwarteng's style gives a wonderful sense of immediacy by drawing heavily on contemporary accounts, succeeding in showing without too much telling, whilst maintaining a coherent argument. His previous titles have won great critical acclaim, and we must hope there will be many more to come. ●

Six Months that defined a leader, Kwasi Kwarteng; Bloomsbury; 272pp; £21.99



Arts interview: Award-winning playwright and politico James Graham

You have written a number of political plays for screen and theatre, including *This House*, *Coalition* and *The Vote*. Where did this interest in politics come from?

I came to politics through the backdoor, I think – that backdoor being history. It was one of my favourite subjects at school, mainly because I'm passionate about narrative. I've always believed that story is the best vehicle to unlocking truth. Cause and effect, 'who did what, as a response to what, and why?'. Through this I was introduced to the clash of ideology,

the evolution of democracy.

I also grew up in a politically charged time, and environment – a mining village in the 80s & 90s, as the pits closed. There was always a human face to politics, to me. It wasn't academic, it was real.

***The Vote* takes place in a Lambeth polling station on the night of the recent election. Did you see a Conservative majority coming?**

Absolutely not! I like to think I have a reasonably astute political antenna but at the time, looking at the polls, I thought, >>

>> “if they couldn’t achieve a majority in more probable circumstances in 2010, how they could increase their vote in 2015?” But on reflection, of course, it makes total sense. The rise of UKIP affecting northern Labour towns more than Tory heartlands. The loss of 50 Scottish seats. How Lib Dem votes moving to Labour in Liberal/Conservative marginals would only benefit the Conservatives in those seats.

Who did you speak to when researching material for *The Vote*? What did you learn?

We were very lucky to have access to a range of polling clerks and presiding officers from London boroughs. We also spoke to political advisors, journalists, historians, to get a sense of where this election sat in the British electoral narrative. What it ‘meant’.

You have touched upon the theme of democracy in several of your works. Do you think our current democratic system is fit for purpose?

I think the prevalent cynicism and negativity towards politics isn’t helpful. I truly believe we get the democracy we deserve. If it isn’t fit for purpose, we shouldn’t just moan about it down the pub and step out of the system by not voting or whatever. We should work to change it. There are huge problems – mainly in representation; the kind of people who want to stand and are selected to stand for parliament. MPs used to be pulled from the communities they served, have experience in all sorts of professions. Now, politics is a profession. And that’s really bad.

Did you think that the Coalition Government did enough to support culture and the arts? What message do you have for the current Culture Secretary?

Culture has such important economic and social currency in this country. I’ve never understood how, if people can see how a huge investment in education is a no-brainer for long term financial and social and emotional prosperity, why a comparatively minuscule investment in storytelling, music, art, drama outside of normal market forces (which gets returned to the treasury four times over) is such a hard thing to get our head around.

Obviously I’m biased. But it’s one of the only things left that gives Britain a reputation on the world stage, and still some people want to kill it, as part of a seemingly inevitable national decline. The tax breaks the previous government introduced were helpful. But huge cuts are coming, and it will be the nail in the coffin for large swathes of our cultural life.

Would you ever be tempted to become involved in politics yourself?

I feel like I am involved in politics. I think we should all feel like we are part of this endeavour, whether we’re standing in parliament or not. Activism, debates, campaigns – and yes, even plays.

Finally, what do you make of Jeremy Corbyn?

I can’t deny that, at the very least, politics seems surprising and interesting again, which is never a bad thing. I thought a lot of the conversation between different tribes during the leadership contest was unnecessarily aggressive and toxic. Passion is fine, but polemical intolerance is destructive. It didn’t have to be that way. It could have been a respectful and open sharing of opposing views. Labour is meant to be a broad church, capable of many different ideas. As for the future – I have my pad and pen at the ready... ●

Dynasty: The Rise and Fall of the House of Caesar

By Tom Holland

Basil Vincent picks apart this history of the Julio-Claudians



BASIL VINCENT is a teacher at a secondary school in East London. He has just completed two years of *Teach First*.

“Desire”, mused Ovid, is “fuelled by prohibitions”. This example of one of the celebrated Roman poet’s more salacious aphorisms is well placed in a new book that is peppered with

outlandish and often striking detail.

Tom Holland’s latest tome recounts the intrigue, scandal and high politics of Rome’s inaugural imperial dynasty, the Julio-Claudians. Holland sees the Julio-Claudian dynasty (marked by the reigns of Augustus, Tiberius, Caligula, Claudius and Nero) as a “long, continuous period of experimentation”.

Augustus, the first Emperor, was at the forefront of this process, carefully transforming the broken republican system into a deliberately understated imperial regime. After Augustus’ death, the baton of power passed peacefully to his step-son Tiberius, infamous for gross depravity in the latter years of his otherwise successful reign. The popularity of the youthful

Caligula, Tiberius' successor, quickly gave way to abject horror at the new Emperor's flagrant abuse of imperial >> power, resulting in a violent and early end to his tyrannical rule.

Caligula's uncle, Claudius, behaved more sensitively in office. Yet for all of Claudius' efforts, the Julio-Claudian experiment was nevertheless extinguished by the wildly irresponsible and despotic Nero, who exceeded Tiberius in his degeneracy and Caligula in his cruelty.

Holland is particularly perceptive on the role of the built environment in reflecting imperial interests, such as the glorious rebuilding of Augustan Rome or the controversial construction of Nero's Golden House

There is much to commend Holland's account of the Julio-Claudians. He takes the time to construct a broad cultural hinterland for the period, drawing on the works of Ovid, Horace and other literary figures to enrich his narrative. Considerable attention is paid to the importance of religion in Julio-Claudian Rome; the role of portents and omens feature heavily alongside the more meaty military and political analysis.

Women are refreshingly recurrent throughout the book. Julia, the beloved daughter of Augustus, is mischievously dubbed "the people's princess", whilst the unfortunate Agrippina, the mother of Nero, receives deserved attention for her part in the accession of her enfant terrible.

Holland is particularly perceptive on the role of the built environment in reflecting imperial interests, such as the glorious rebuilding of Augustan Rome or the controversial

construction of Nero's Golden House.

Political violence is detailed in all its horror, underlining the dangerously arbitrary nature of Julio-Claudian rule. Notably gory references include the murder and rape of the disgraced Praetorian Prefect Sejanus' children, and the plebeian proclivity for dragging mauled aristocratic corpses from the forum to the river on meat hooks.

Holland certainly relishes his subject, as his eccentric use of language demonstrates. During a lengthy discussion of Roman sexual attitudes, Holland mentions how impotence was "rammed home to men" and that to cuckold "was also to shaft the husband". The "prohibitions and perils" that were "erected" also ensured "a paradox that plenty were prepared to swallow". The extreme prurience of Julio-Claudian society is clearly something Holland wishes to impress upon us, though we are left wondering just how much innuendo is necessary to prove the point.

In many ways, however, *Dynasty* is disappointing. In keeping with his previous works, Holland writes in a broad, narrative style, which he defends as being the most appropriate for covering a lengthy period of history. But by doing so, Holland unfortunately overlooks a great deal of historical nuance, as he leaves no room for scrutinising his sources.

The section on Augustus, for instance, uses the Emperor's own boastful posthumous *res gestae* as an objective source to prove his modesty, and relies on the Second Century Greek writer Appian to substantiate Augustus' early popularity. Holland makes no mention of the fact that Appian's own primary sources are problematic, nor that a patchy account written nearly 200 years after Augustus' death may be untrustworthy. Augustus himself, rather bizarrely, is repeatedly referred to as a "terrorist", in a judgement that is anachronistic, absurd, and completely unexplained.

Holland rightly prefaces the reign of Augustus with an overview of Roman history since the foundation of the city but is careless in his approach. He claims that only the Romans "possessed the talents sufficient to conquer and maintain a universal Empire", utterly ignoring the prominence of the Carthaginians, whom he reduces to a mere "metropolis of merchant princes on the coast of North Africa", choosing to ignore their unquestionable dominance of the Western Mediterranean between the seventh and third centuries BC. It was not for nothing, after all, that Cato warned: "Carthage must be destroyed".

Pompey and Julius Caesar are predictably featured, but there is no mention whatsoever of Marius, whose revolutionary military reforms were arguably a major factor in the downfall of the Republic, nor Sulla, who set the benchmark for ruthless autocracy decades before Caesar and his Julio-Claudian successors. The Gracchi are similarly diminished as "grandsons of Scipio Africanus", and Cicero is barely mentioned at all. Not until the final chapter on Nero are we given any sense of the influence of Greek culture on Rome, which unhelpfully presents Nero's interests as exceptional.

Overall, *Dynasty* provides a decent introduction to the period, but those with a serious interest in the fascinating reign of the Julio-Claudians would do well to approach the book with a keenly critical eye. The closing pages of the book suggest that Holland may well have future plans to cover the reigns of the Flavian Emperors, who gained power in the civil war that followed Nero's demise. Vespasian, Titus and Domitian will certainly be another imperial 'dynasty' worthy of Holland's attention. ●

The Rise and Fall of the House of Caesar, Tom Holland; Little, Brown; 512pp; £25.00



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