
Money matters

Asheem Singh on the RSA's financial reform mission and why it is so important

Michael Freeden takes a look at the sea changes political ideologies are undergoing

Esther Duflo talks about how economists can rehabilitate their image



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Matthew Taylor



“The feeling of economic insecurity is widely shared; it can help us empathise with others”

Economic worry is the new normal for millions of people in this country. A recent RSA survey found that only 43% of people are confident they will be able to maintain a decent quality of life in 10 years' time. Over a third of workers say they would struggle to pay an unexpected bill of £100. One in seven people have no savings and one in three have less than £1,500. All this at a time when economists suggest a global downturn is overdue and when we are about to take big risks as a country. Moreover, as my colleague Asheem Singh argues elsewhere in this edition of *RSA Journal*, the financial services industry is not geared to meeting the needs of poorer citizens.

In her article for this edition of the journal, journalist and author Mary O'Hara writes about how poverty narratives shore up the idea that structural inequalities are to do with individual merits or faults. In some ways, insecurity may be a more powerful concept. It is not just a social fact; it is a human feeling. Research by the Joseph Rowntree Foundation and others has shown that many of those in poverty do not recognise themselves as such. We know that society is unjust, but inequality feels more like a social phenomenon than a personal experience. By contrast, insecurity we recognise. This is the unpleasant and often distressing anxiety that we either cannot make ends meet or that we are one setback from disaster. Insecurity contributes to what some psychologists call a 'scarcity mindset', limiting people's horizons and imaginations and forcing them to focus on the here and now rather than longer-term possibilities.

Insecurity is more complex and personal than categories that define people by a single economic measure such as income. Esther Duflo's Nobel Prize-winning work encourages us to look beyond formulaic assumptions about people and their motivations and instead focus much more on how they feel and behave. And, as Michael Freeden argues, political narratives need to be much better at connecting with people's

lived experiences. The insecurity of a student with rising debts but positive expectations about the future is different from that of an older person worried about the costs of care, or a middle-aged worker whose skills are becoming outdated. And money is not the only resource that addresses insecurity. Social networks, for example, can be an important variable. Interviewing people for a set of Radio 4 programmes about problem debt in Barking and Dagenham, I often heard how important it was to have friends who could offer timely advice or support (you can listen to *The Fix* on BBC Sounds).

The experience of economic insecurity stretches much higher and more evenly than other measures of hardship. Not only do more people say they suffer insecurity than poverty, but our survey found that over a third of people in the top two social class categories are not confident about their financial future. Income is broadly correlated with wellbeing, but a recent US research study looking at the relationship between personal finances and people's sense of meaning in life found the income effect disappeared if people did not feel economically secure.

Even if we are not insecure now, most people have known how it feels. It was my parents' life when I was a young child and my own experience as a young adult. The feeling of economic insecurity is widely shared; it is something that can help us empathise with others and perhaps provide a wider basis for mobilisation.

The RSA hopes to develop a programme of research and innovation on economic insecurity. We believe it offers a way to connect social injustice and dysfunction to everyday human experience. It provides the basis for more inclusive dialogue and a broader alliance. It encourages us to think about specific policies, but also the underlying values that shape our society and our imaginations. And it provides us with a way of exploring not just specific policies and innovations, but the kind of new social contract we need. ■

Matthew Taylor is Chief Executive of the RSA

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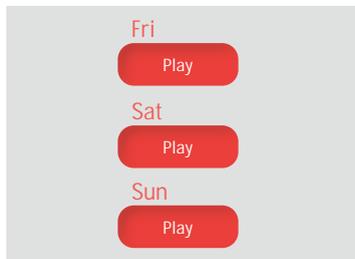
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Periscope

- 1 Only £1 in every £10 lent by UK banks supports non-financial firms (page 14).
- 2 It is thought that, in 1820, 94% of people worldwide lived in poverty (page 16).
- 3 The big six banking groups in the UK manage over 90% of all current accounts in the country (page 20).
- 4 In the most recent UK general election, the Liberal Democrats received 3.7 million votes and 11 seats; the Scottish National Party garnered 1.2 million votes, translating into 48 seats (page 26).
- 5 According to a YouGov survey, only 25% of people in the UK trust economists when they talk about economics (page 28).
- 6 About half of bank retail branches in Sweden no longer provide cash-handling services (page 33).
- 7 Microsoft Japan found that its four-day working week trial resulted in a huge 40% increase in productivity (page 37).
- 8 There is a widespread perception that levels of benefit fraud are high, but the actual level is 0.38% of benefits (page 40).
- 9 Thomas Jefferson said, "He who knows best knows how little he knows"; such attitudes hold little sway among political leaders today (page 44).
- 10 The Good Friday Agreement (or Belfast Agreement) was signed in 1998; it set the basis for Northern Ireland's current devolved system of government (page 46).



FORUM FOR ETHICAL AI

As the pace of new technology implementation speeds up, it is important that the public are consulted

People's views on increasing the use of artificial intelligence (AI) in public services vary according to their perception of potential for bias, according to new RSA research published in October.

Democratising Decisions About Technology is informed by a citizens' jury, which deliberated on increasing the use of AI for decision-making within criminal justice, the NHS and recruitment. It found that participants were

supportive of the use of AI within the NHS to assist doctors and nurses, but were more sceptical about its use in criminal justice, where the dangers of bias or lack of human oversight weighed heavier. The RSA's Forum for Ethical AI explored a series of questions, such as: How can we ensure information around technology is clear, accessible and actionable?

Citizen jurors recommended implementing requirements for transparency, accountability and

'explainability' through every part of using AI for decision-making, and felt that policymakers needed to develop robust legislation to ensure organisations can be held to account.

RSA researcher Jake Jooshandeh said: "Too often, technologists talk only to technologists, and citizens then struggle to have a meaningful voice in the debate. Our research provides a toolkit to shift this equation and bring humans back into the AI loop."

To read more on the RSA's work on technology, visit the Tech and Society team's page at: www.thersa.org/TechSociety

FFCC

THE FUTURE OF FARMING

Resilience should be built into farming through moving towards satisfying local food demand by using local produce, according to the Northern Ireland inquiry report, *Lay of the Land*, from the RSA Food, Farming and Countryside Commission (FFCC). Published in September 2019, the report acknowledges the significant changes facing farming over the coming decade. It recommends farming in a way that conserves soils, eliminates pollution, restores biodiversity and reduces carbon emissions.

The report builds on the FFCC's UK-wide work since 2017, which has included convening place-based inquiries and building new progressive alliances for action.

The FFCC is now working to turn the report's recommendations into radical and practical policy and action. It has partnered with the Food and Land Use Coalition (an international network dedicated to better use of food systems and land) to contribute a UK perspective to key discussions in the run-up to COP26. All of the FFCC's work is centred on supporting the transition to sustainable food and farming systems, with the countryside at the heart of a fair, green economy.

■ To download a copy of the FFCC's latest reports, visit www.thersa.org/ffcc

RSA insights

ARTS-RICH SCHOOLS

The RSA's Learning About Culture project is the UK's largest ever study into the value and impact of arts-based learning for children.

It will strengthen the evidence on what works in such learning, and support schools and practitioners to use this evidence. Later in 2020, we will reveal the findings from this major study. *Arts-Rich Schools*, our report sharing case studies from eight schools that offer great arts education, was published last month; the 'transfer benefits' of arts programmes were extolled by many of the school staff we interviewed.

■ To find out about the project and download a copy of the report, visit www.thersa.org/LearningAboutCulture



CULTIVATING EMPATHY

Research shows that the emotions we feel in response to fiction have the same effects on the brain as our responses to real people. Empathy Lab, founded by Miranda McKearney OBE, uses this fact to cultivate empathy in children by training teachers to work with books that stimulate compassion.

■ To find out more and see this year's Empathy Lab selection of recommended titles, chosen by a panel including literary critic Nicolette Jones FRSA, visit www.empathylab.uk

40%

That's the proportion of people polled by Populus for the RSA who said that they were not confident they would be able to maintain a decent quality of life in 10 years' time. The poll showed that economic insecurity is far more widespread than previously thought, with work seeming to be one of the main causes; over three-quarters of respondents said they believed workers faced more uncertainty and anxiety about jobs than they did a generation ago.

■ To find out more about the poll's findings, watch Matthew Taylor's annual lecture at youtu.be/l-AIFZnJHC8

2/3

A recent RSA/Populus survey found that two-thirds of the public think the economy would be stronger if the UK adopted a regional strategy for economic growth. While tackling regional inequality is a key priority of the new government, the RSA's work highlights that lasting progress means going beyond providing funding for town centre regeneration. In February 2020, the RSA and the One Powerhouse Consortium will publish spatial blueprints for four English mega-regions, adopting an approach that has already had great success in regions all over continental Europe.

■ To find out more about the RSA's work with One Powerhouse Consortium, visit www.thersa.org/OnePowerhouse



Agenda

PROGRESSIVE GOVERNANCE SYMPOSIUM



This spring the RSA will co-host the Progressive Governance Symposium in a collaboration with Das Progressive Zentrum, a Berlin-based thinktank. Since 1999, the symposium has brought together leading progressive thinkers from government, thinktanks, grassroots activism and academia, with the aim of promoting international dialogue and cooperation on progressive politics. The main themes of this year's event include the future of the economy, governance and climate action. The Berlin symposium aims to show how progressive thinking can lead the way in producing pragmatic solutions to some of the biggest challenges we face.

■ For more details on the event, please contact us at global@rsa.org.uk

HERITAGE INDEX

An updated version of the RSA Heritage Index will be launched in 2020, including 120 measures of heritage to provide a rich picture of local heritage assets and activities across the UK. The RSA's Public Services and Communities team leads the work on the Index, which aims to provide a resource for decision-making among local communities, policymakers and heritage organisations. The Index can also be utilised to realise wider social, economic and environmental benefits.

■ To receive updates about the Index and find out how to get involved, sign up to the Fellow-led Heritage Network here: www.thersa.org/heritage-network

Fellowship

New Fellows

In 2018, **Dr Susan Gaffney** was invited to serve on the Chicago Inclusive Growth initiative, which creates and assists projects that are focused on community wealth-building and empowering Chicagoans who have been disenfranchised due to rapid economic and societal change. Susan is programme coordinator at Governors State University.

Over the course of his career, **Aldo Cherdabayev** has focused on ways to improve the world. As the founder of Shryne, he developed ways to build healthier social networking tools using artificial intelligence. He is currently involved in green energy financing in Kazakhstan and aims to work at the intersection of technology and environmental protection in the future.

Make the most of your Fellowship

by connecting online and sharing your skills. Search the Fellowship at www.thersa.org/fellowship. While you're there, don't forget to update your own profile: www.thersa.org/my-rsa.

■ Follow us on Twitter @theRSAorg
Our Instagram is www.instagram.com/thersaorg
Join the Fellows' LinkedIn group
www.linkedin.com/groups/3391

Meet other Fellows in person at Fellowship events and network meetings, which take place all over the world and are publicised on our website www.thersa.org/events.

Grow your idea through RSA Catalyst, which offers grants and crowdfunding for Fellow-led and new or early-stage projects with a social goal.

■ Find out more at our online Project Support page www.thersa.org/fellowship/project-support

Events

CATCH UP ON THE CONVERSATION

Unmissable online highlights from a packed public events season, selected by the curating team for your viewing pleasure.

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Andy Haldane of the Bank of England, **Tera Allas** of McKinsey, **Kate Bell** of the TUC, **Sarah Davidson** of the Carnegie UK Trust and the RSA's **Matthew Taylor** discuss the link between good work and productivity. How might jobs support workers to be more productive, healthy and happy? Fair pay and conditions, training and progression opportunities, and a good work-life balance all offer routes to a happier workplace.

Watch now: youtu.be/1Ou5giCevzk
#RSAGoodWork



How did Big Tech, born out of scrappy, optimistic innovation, become greedy and cynical? Economic analyst and business commentator **Rana Foroohar** explores how Big Tech lost its soul and how we can mitigate the consequences, laying out a framework that nurtures innovation while protecting us from the dark sides of digital technology.

Watch now: <http://bit.ly/38msDIP>
#RSABigTech



Paul Sinton-Hewitt, the 2019 RSA Albert Medal award recipient, tells the story of parkrun, and how, through the efforts of thousands of volunteers, it became the largest running community in the world, with a mission to open up the possibility of wellbeing, health and social solidarity to all.

Watch now: youtu.be/jcDrDFWLu64
#RSACommunity



Why does the free market fail women? From the gendered threat of robot labour to the lack of women in economics itself, economist **Vicky Pryce** offers a bold and timely look at an uncomfortable truth: we will not achieve pay equality for women without radical changes to contemporary capitalism.

Watch now: <http://bit.ly/30EIXHo>
#RSACapitalism

RADICAL FINANCE

The RSA is renewing its long history of reforming finance for social good

by Asheem Singh

🐦 @RobinAsheem

During the Napoleonic Wars, after the Bank of England started issuing the first low denomination notes – of one or two pounds (around £100–200 in today’s money) – forgery was rife. This was the time before police, and so the bank formed a shady intelligence network to root out those who forged British currency. Members of the Society of Arts (which would become the RSA in 1847) argued, quite correctly, that this brutality – the penalty for transgression was hanging – was of the government’s own making and that financial policy should not result in social harm. So it was that artists, engravers, designers, materials scientists and bankers from across the Fellowship were enjoined to create the modern ‘unforgeable’ banknote.

Change did not come straightaway. By the time the Society’s working group issued its recommendations, the wars were over and the currency returned to being pegged to gold. Meanwhile, the Bank of England’s network of informants was disbanded. Yet decades later, as paper money increasingly became the norm, those old Society of Arts reports were dusted off. Almost all of their recommendations can be seen to this day in the modern banknote.

Round the mulberry bush

The more things change, the more they stay the same; every so often a seductive but all-too-elusive idea re-emerges: that the mechanisms of finance exist not just to help people do well, but to do good. “The winners take all,” American firebrand Anand Giridharadas told me last year at the RSA, referencing

his bestselling book of the same name. He insists that virtueless financiers must be ostracised from the discourse around social good, having shown us time and again that they do not act in our best interests.

This frustration is understandable. To many, the culture of financial services has long been viewed as hopelessly irredeemable. Writing about the very first stock-jobbers who plied their trade in Sweetings Alley, Daniel Defoe, in his *The Anatomy of Exchange-Alley*, described their trade as “knavish in its private practice, and treason in its public”.

Yet the RSA has always tended to take a more constructive view. Like the Society’s engravers and artists of yore, it has generally seen finance as imperfect but improvable and, at its best, even capable of bettering society. The Society of Arts’ members, working with Robert Aglionby Slaney MP, sought to counter the class struggles of the 1840s and 1850s by enabling more workers to hold stocks in their companies. Reform of limited liability laws were key to this; these reforms fire-walled the fortunes of shareholders against company debt so that even ordinary people might own.

In a similar vein, Sir George Bartley, son-in-law of Henry Cole (Chairman of the Society of Arts and inventor of the Christmas card), was founder of the National Penny Bank; unlike other banks, this required only a small amount to set up an account, with the result that almost anyone could save and build assets.

Fast forward a hundred years and financiers of the 1980s, filled with the pluck of Chicago School hardliners like Milton Friedman, left all this behind, ▶

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“To be good with money, one must ally good with money”

acquiescing to the idea that ‘greed is good’ and disavowing all social responsibilities, except to their shareholders. Transactionalism, neoliberalism, yuppie-ism: all made a mockery of the optimistic view that something better was possible.

Still the RSA ploughed its furrow, championing the idea that financial services and corporate culture are at their best when they align good with money. Tomorrow’s Company, a positive money thinktank, was created in the 1990s as a spin-off of an RSA inquiry about the role of business. Driven by Fellows, a further follow-up programme, Tomorrow’s Investor, had a huge win in December 2019, when it helped to get pension laws into the Queen’s Speech, inaugurating a sea change in the largest of all our household assets.

Today, culture, practice and business are increasingly moving onto the RSA’s turf. A recent memo from the CEO of BlackRock highlighted the extent to which climate change is imperilling assets that were once thought of as safe. Financial radicals demand faster, more transformative alternatives to support the fight against the climate crisis.

In the past year, I have seen this first-hand. In my conversations with Extinction Rebellion activists in

London, the demand was for financiers to not only divest of harmful fossil fuels, but also to invest elsewhere by way of reparation. The RSA elected to go fossil fuel free in 2019. This is a start. But if 2020 is to be the year we take on the climate emergency, we need to lean on our history and do even more.

On the ground, a ‘good with money’ revolution bubbles. One of the break-out movements of 2019 was community wealth-building, and its godfather, Ted Howard, launched his book, *The Making of a Democratic Economy*, at RSA House. This work brings together several ideas under the banner of community wealth-building: native American, tribal conservation economies; rural microfinance; locally focused procurement in places such as Preston; and countless other movements. And it offers something we are much in need of: hope. When we talked to social financiers, investors and politicians involved in some of these initiatives in the north, we were told again and again that scale and serious investment in this work were badly needed.

Optimism among practitioners and activists often jars with the cynicism of journalists and commentators. I mentioned BlackRock;

The Economist recently published an editorial where they grudgingly acknowledged that shareholder value, the totem of the Friedmanites, might not be the sole material consideration for a company or investment community after all. The Collective, a meeting of the world's top CEOs, placed the enlargement of the concept of value at the top of their most recent agenda. It is no longer just teen activists who are heralding change; the big city bosses, who satirist Tom Wolfe referred to as the "Masters of the Universe", are changing tack, albeit sheepishly, as well. Dare we dream that this time the revolution might last?

On purpose

Like the engravers, artists and civil-servant-banker-Tory-politicians of yore (as Bartley was), a clear, connected movement comprising RSA Fellows and friends is today influencing financial services architecture. Tomorrow's Investor alumni David Pitt-Watson and Hari Mann – who are featured elsewhere in this journal – are conducting an important stream of work on bringing purpose to financial services education, which promises to inject the prospect of public ethos into our often insular business schools. Andy Agathangelou FRSA, through his Transparency Task Force initiative, is bringing practitioners together to foreground transparency and financial reform in practice; to coalesce the industry around a shared purpose and drive change in forums all over the world.

The idea that binds these initiatives is the financial reform mission of the RSA through the ages: to be good with money, one must ally good with money. Finance must support social good rather than social ill. And value must be defined in such a way that does not just account for finance's social externalities (for example, fossil fuel's impact on climate change) but also contributes positively to the common good.

Environmental degradation, rampant inequalities – especially of place – asset price inflation and concentration have, for decades, been horribly exacerbated by the actions of our financial institutions and what they invest in and support.

And it gets worse still, for by most metrics the current financial services industry is sclerotic. We are conditioned to think about the financial services sector as some sort of adventure playground of innovation and creativity, staffed by super-human doctorates on the cusp of either their first billion or a Nobel. Yet the sector's productivity has remained static and, by some estimates, has in fact reduced over the past 40 years. Forget unclothed; the emperor is hopping on one leg, backwards, absolutely starkers.

Many movements have emerged that seek to shift the value equation. There have been movements for triple

bottom lines (accounting frameworks with three parts: social, environmental and financial) and corporate social responsibility. There have been profits with purpose, B Corps, and all sorts of form and functional realignments. These movements come and go. None has proven to have any sort of system-wide or system-shifting impact; to have the simple practical impact we seek. Microfinance promised an ethical alternative to loan sharks but ended up in the gutter alongside them. B Corps, some notable exceptions aside, are often little more than greenwashed businesses of limited social impact. Impact investing, despite intermittent rays of promise, continues to be not much more than a housing-backed mortgage racket.

These are problems of practice and of politics; of lawmaking and of virtuous counsel. But just as those early RSA radicals realised, they are also problems of design. Finance is one of our oldest and most complex systems, and it is run by some of our most fallible humans. Therein we find the seeds of change.

Money and the lifeworld

In the most recent edition of *RSA Journal*, Anthony Painter referred to German philosopher Jürgen Habermas's idea of the "lifeworld": the sigma of experience and activity of the individual. Habermas noted the ubiquity and universality of money in all of our lifeworlds. This ubiquity makes financial services reform not only a complex task, but also renders any reform notoriously 'unstickable'.

Top-down injunctions to change (for example, triple bottom line) simply do not take. The system tends to respond to any attempt to constrain it by expanding elsewhere.

And so, when we think about reform, we need to think diversely and entrepreneurially: bottom-up, top-down and everything in between.

One way of taking on this challenge is through applying a design lens. Consider the Radio 4 series *The Fix*, hosted by my colleagues here at the RSA. The programme brings people from different backgrounds together to address complex social issues using a design-led process. The latest season goes deeper into this process to explore problem debt in Barking and Dagenham. The first episode focuses on the 'discovery' phase, combining people's lived experience with data to better understand the root causes of debt and the local context. The next episode features a co-design day, where people from diverse backgrounds – teachers, community organisers, entrepreneurs, data scientists and more – worked with designers, residents and the council to reframe the problem and design possible interventions. The final episode follows a period of real-world prototyping, where my

colleague Rebecca Ford worked with residents and frontline council workers to test, adapt and evolve the interventions.

As this example demonstrates, through a process of learning and experimentation, a design-led approach can help us to better understand and deconstruct seemingly intractable challenges and reframe them in a new light. In doing so, it helps us to see the problem from different perspectives, recognise our own bias and identify how we might intervene, or develop interventions, and get closer to a solution. By its nature, design is collaborative and relational. It is not only focused on the process of developing solutions, but on forming the relationships required to sustain lasting change, inviting diverse perspectives into the conversation and process. When done well, a design-led approach puts people and society at the heart of problem solving, bringing lived and learned experience to the fore, and ensuring that we are addressing actual individual and social needs.

The RSA is not the first organisation to apply design thinking to financial services reform. Project Innovate, set up by the Financial Conduct Authority (FCA), is aimed at supporting businesses in developing products and services to improve customer experience and increase competition. In 2015, a sandbox unit was added. Taking participants through a process of iterative design, the sandbox has enabled early-stage start-ups, challengers and incumbent firms to test innovative propositions in the market with real consumers. The UK's Finance Innovation Lab encourages new, pro-social financial innovation from the ground up and thinks in terms of the whole system.

With the banking sector going through a period of significant disruption, design thinking is increasingly being deployed by both challenger banks and existing players to gain competitive advantage. Capital One Labs helped to change the way customers and the industry think about banking by encouraging start-ups to engage with the Capital One infrastructure and approach discrete financial challenges from diverse perspectives. New products emerge from such collaborations, such as QuickBiz Loans in Australia, which enables fuss-free, unsecured cash for small businesses, or the Bank of America's Keep the Change programme, which rounds up debits to the nearest dollar and ports them to a savings account.

At a recent RSA roundtable focusing on economic security, I spoke with the head of design at Lloyds and asked him, somewhat mischievously, why a bank needs a design team. He explained their theory of life moments, which is the idea that financial services exist to ensure prosperity around key life events. Getting a house, having a baby, changing jobs: financial

services need to be designed around these things. As people's lives evolve, design can help us understand their changing needs over time and develop solutions that adapt to meet these needs. Good design can also balance these changes with the needs of wider society and even the planet. That's the vision, anyway.

Experimenting with ways forward

Elsewhere in this journal you can read my colleague Mark Hall's piece on the RSA's work supporting the Community Savings Bank Association in creating a brand-new network of regional banks.

We know that swathes of people and their localities are being left behind by the banking oligopoly. Member-owned, local banks could be the new Penny Banks of their time. And, as with the Penny Banks, these are not banks in theory or on paper, but actual organisations with boards and branches that will take deposits and provide loans and mortgages, once approved by the FCA.

System-based design thinking has got us here. Where else might an experimental and iterative approach to problem solving take us?

Consider the following three areas for starters: economic security, short-termism and environmental renewal.

Financial bubbles and shocks affect the poorest most in the absence of economic resilience. Financial services were originally designed to allow money to be transferred and stored; to promote *economic security*. Now they engender the opposite effect. Enabling asset-building for all – through savings, pensions, building businesses and developing skills – is part of the answer. But the generational challenge outlined by the RSA's Matthew Taylor in his Chief Executive's lecture last year – of endemic volatility and economic insecurity across the income scale – requires new ideas and products as well as a whole new approach to conceptualising disadvantage. Should we measure economic insecurity like we do poverty and inequality? Should we support and incubate new employment insurance and income-smoothing applications for platform economy works?

The UK economy is increasingly unbalanced and skewed towards asset price inflation. Banks pour money into bidding up the value of pre-existing assets, with only £1 in every £10 they lend supporting non-financial firms. This *short-termism* needs to be tackled. Introducing measures to guide credit and venture capital investment away from speculation and towards more productive activities is an epochal challenge.

And when it comes to *environmental renewal*, financial services – especially venture capital and



**“When done well,
a design-led approach
puts people and
society at the heart
of problem solving”**

private equity – should seek to accelerate the transition away from harmful fossil fuels and take an active role in positive investment in transition economy ventures. But is that enough? In an age when green economy initiatives are not emerging at anything like a fast enough rate to meet our 2050 carbon targets, what innovations and movements should the RSA seek to build, incubate, support and platform?

The moral marketplace

In its early days, the Society of Arts was something of a direct democracy. Its ‘premiums’ often helped incentivise innovation at a time when patents were too expensive for cottage industry inventors. The premium, which consisted of a sort of challenge prize and the Society medal or cash (or both) that recognised a successful response, were tools used to galvanise the public around particular issues. We continue to recognise the need to create these more open and democratic spaces in which people can come together, imagine new ideas and receive the support needed to turn them into action.

That could be through setting up new challenge prizes, open innovation platforms or our Fellowship network. It is certainly through championing system-

led design. It is almost certainly a global and local endeavour: a programme of institutional shift that takes us from the dispossessed and unbanked in our localities to the boardrooms of buccaneering, often feckless, global venture hubs like Silicon Valley.

Call this programme the future of finance, or radical finance, or even ‘good with money.’ The need for the RSA to resume its work in this area is clear.

The stakes? Just as the Society of Arts’ banknote designers sought to use the quality of art to make our national currency unbreakable, so might a more sustainable and virtuous financial services industry funnel its currency into a more sustainable and beautiful world, and thus might make our society unbreakable. Such is the promise of a truly moral marketplace. Our forebears through the centuries would have loved the grandeur and polymath ideas. In our more cynical, practical times, let us say that without financial services reform, it will be impossible to make meaningful headway or have impact in any other area of human inquiry. Indeed, we will almost certainly miss our carbon targets, dispossess communities and lay the ground for a new era of feudal inequalities that spans centuries.

All that being so: shall we begin? ■

THE BEST MEDICINE?

Optimists would have us believe that we have never had it better, but the facts suggest that we should embrace pessimism

by Rodrigo Aguilera

🐦 @raguileramx

As a new decade begins, it is hard to find a reason to be cheerful. Liberal democracy is under assault by the rise of far-right populism, inequality is eroding confidence in capitalism and the threat of climate change is becoming ever more real. Worse still, there appear to be few glimmers of hope that these problems will be resolved satisfactorily in the near future. Far-right populism shows no sign of receding and, if anything, is triggering a parallel populist backlash from the left. And few governments appear to have the stomach to make the radical economic changes needed to address inequality and climate change. Geopolitically, the US–Iran situation looks set to have far-reaching consequences, and the fires in Australia offer a sobering reminder of the realities of climate disaster.

Amid this turmoil, a number of well-known public intellectuals have argued that things are not as bad as they seem. A read through Canadian-American psychologist Steven Pinker’s bestselling *Enlightenment Now* would make it seem that the world’s current ailments pale in comparison with what humanity is doing right. For example, there has been a massive and sustained global reduction in poverty. People today are more educated, healthier and live longer. Human violence, the scourge of much of our brutal history, is lower than it has ever been. In fact, it is the general comfort and prosperity of our modern existence that gives us the privilege to take all these things for granted, and the luxury to complain. Simply put, we are doing better than ever. And the trends seem to suggest that things will keep getting better still.

Another of Pinker’s counterparts, the late Swedish academic and TED Talk star Hans Rosling, claimed in his book *Factfulness* that we are wired to see the bad and ignore the good. And there is so much data to suggest the world is getting better that once we are presented with such overwhelming evidence of human progress, it is impossible to argue otherwise. Pessimism is not just factually wrong, it is irrational. But is this brand of fact-based optimism as unassailable as they would like us to think? Are we right to be pessimistic?

The numbers don’t lie, but you can lie with numbers

It is somewhat amusing that one of the most frequently repeated triumphalist claims, the global reduction of poverty, is remarkably easy to debunk. This claim stems from a widespread misunderstanding of how poverty is measured. For starters, here are the so-called facts: the world was 94% poor in 1820 (cited in ‘Inequality Among World Citizens: 1820–1992’ by François Bourguignon and Christian Morrisson), but this had dropped to just under 10% in 2015, according to the World Bank. A more remarkable example of human attainment is hard to find, particularly since most human beings throughout history have lived lives that were “nasty, brutish, and short”. These figures are based on the standard World Bank international poverty line, which is currently set at \$1.90 a day using 2011 US purchasing power parities. In layman’s terms, this means the local equivalent of what \$1.90 would get you in a day in the US in 2011. ▶

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It is not hard to spot the problem: \$1.90 a day in the US is closer to a starvation line than a poverty line. It is barely 24 cents per hour, assuming an eight-hour workday. The World Bank is aware of this and therefore recommends higher poverty lines depending on a country's income level. Even the highest one, \$5.50 a day, is still remarkably low: less than a tenth of the US's already pitifully low federal minimum wage (which is currently \$7.25 per hour, although in many states it is higher). If we use the \$5.50 figure as the international poverty line, we find that the actual number of global poor is much higher: 46%.

Then there's the China and India effect. These two countries – particularly China – have single-handedly been responsible for the bulk of global poverty reduction since the 1990s. If we were to use the \$5.50 figure and remove them from consideration, we would find that global poverty went from 57% in 1981 to just 50% in 2015. This despite the fact that global GDP nearly tripled during this period. No surprise, then, that the average incomes of most regions of the world have failed to converge with those of the rich world over the past few decades. It is hard to argue in favour of progress when you are still as poor, relative to the rich countries, as you were in the 1980s.

But even if we were to take as a given the supposed global triumph against poverty, what would it mean for the planet if all 7.7 billion of us had incomes that approximated those of the western world?

The current language of capitalism seemingly does not allow for anything other than the promise of infinite growth, regardless of the very real resource constraints that we face, as well as the damage to the planet from mass consumption as millions of people break into the so-called global middle class. Already, China has leapfrogged the US to become the world's biggest polluter, and India is rising fast too. Our dream of a "world free of poverty" (the World Bank's motto) has to face some difficult realities that the optimists would rather not wake up to.

From facts to fiction

Even assuming that the facts underpinning the optimism narrative are correct, we cannot just stop at pointing out that things have got better. We need to explain why. For the optimists, the great drivers of human progress are the spread of Enlightenment values and capitalism over the past two centuries. There is certainly much truth to this claim. Liberalism has helped humanity break free of the shackles of the absolutism of the *ancien régime* and democracy has helped spread power into the hands of the people. Capitalism has also been responsible for much of the material improvement in human wellbeing during this time. Echoing the famous "end of history" argument made 30 years ago by US political scientist Francis Fukuyama, it follows that since liberal democracy and capitalism have taken us to such heights, they

“The current language of capitalism seemingly does not allow for anything other than the promise of infinite growth”

must be the best political and economic systems to take us further still.

But, as we enter the third decade of the new millennium, we are witnessing serious breaks in this liberal consensus. It is also not clear that re-embracing Enlightenment values will get us out of this mess, as people like Pinker suggest. Inequality and climate change are great examples of this conundrum. It is evident that reducing inequality to more socially acceptable levels requires a massive effort at redistributing income and wealth, re-regulating the economy and constraining the influence of corporate power in public life. However, the means to do this are at odds with prevailing economic orthodoxies that still see free markets and free enterprise as the foundations of economic policy. Anything beyond changes at the margin are off the table.

The problem is exponentially worse with the climate crisis. Many optimists are convinced that some new technology – such as cold fusion – will emerge at the last minute and save us from crossing the point of no return. But if we were to take the climate crisis for the existential threat that it is, nothing would stop us from making the necessary investments to mitigate it using the green technology we already have. Again, these ‘radical’ proposals get shot down the moment they begin encroaching on the bottom lines of the companies that are doing much of the polluting.

Another illustrative example of this dynamic, and one which affects the very fabric of democracy, is the rise of social media. Scandals such as that involving Facebook and Cambridge Analytica, as well as Russian meddling in the US and UK elections, have shown how easy it is to spread fake news and influence voters for the benefit of far-right populists. But calls to regulate social media run counter to enlightened ideas of free speech and free press.

Enlightenment values have certainly produced a lot of benefits. Yet it is clear that they cannot fully adapt to the problems the world faces today. And, to some extent, Enlightenment values – although clearly a force for overall good – have themselves created some of the problems. Rising incomes have meant rising consumption; the pursuit of knowledge has led to an information overload, with many now turning away from expertise.

Why we need pessimism

From a purely personal, psychological perspective, it is hard to argue that we would be better off as pessimists. But what is good for the individual is not necessarily good for society. The optimism that people like Pinker and Rosling pursue might seem like a ray of hope in a world gone mad, but reading between the lines reveals little more than a defence of the status quo in language that is music to the ears of elites. Bill Gates, for example, has called *Enlightenment Now* his “new favourite book of all time” (his previous favourite was another of Pinker’s books), and even gave out free copies of *Factfulness* to all US university graduates in 2018.

Why would he not love books like these? Left unquestioned, they are the ultimate antidote to leftist doom-mongering and a rallying cry against radical change. If things are much better than they seem, then surely there is little need for new regulation, tax rises and Green New Deals. Just wait until people tire of populists and their false promises and it will be business as usual once again. To take this view, however, would be an incredibly irresponsible gamble. Failure to resolve the structural causes of why people are turning towards populists only serves to kick the can down the road, with the threat of even greater polarisation and even more vicious demagogues coming to power. To say nothing of what awaits if we fail to take action against the climate crisis.

In *Factfulness*, Rosling describes the data that underlies the story of human progress as a kind of “happy pill” that you can take for free. To his credit, the undeniable material and intellectual progress that we have witnessed in the centuries since the Enlightenment stands as a monument to human achievement; at least insofar as we forget the few bumps on the road like slavery, colonialism, world wars and the Holocaust. But we should care less that things are better than they have ever been and start asking ourselves why they are not as good as they could be. Because just as we are primed to focus on the bad, we also have a blind spot for thinking that preserving the status quo and staying the course is the best way forward. Given the daunting challenges we face as we head into the third decade of the century, we might need a healthy dose of pessimism in order to dare to think differently. ■

COMMUNITY BANKING

RSA Fellows are building new banks that will be powerful drivers of inclusive growth

by Mark Hall

🐦 @MarkHallRSA

In the late 19th century, banking was out of the reach of ordinary people. Recognising the benefits of having a safe place to deposit savings, RSA Fellows led a campaign to extend the scope of the Post Office Savings Bank beyond the elites.

Nearly 150 years on, access to banking has greatly improved, and most of us can transfer money, pay bills or apply for a loan at the click of a button. The rise of new technologies has created unprecedented opportunities to improve services, but the UK's banking system – which has seen limited reform since the financial crash of 2008 – still faces major challenges. The big six banking groups manage over 90% of current accounts and hold vast assets. Yet a Bank of England survey in 2016 showed that only 4% of their lending is geared towards small and medium-sized enterprises (SMEs), while 20% of firms under-invest, as they struggle to access the vital credit needed to expand. Money is extracted from the place where it was deposited to serve financial markets and distant shareholders, while branch closures hit rural communities and vulnerable citizens the hardest. Economic resilience remains an aspiration, and regional inequalities and economic insecurity continue to rise.

Lessons from Europe

RSA Fellows are again confronting these challenges head on, only this time by building an alternative, learning from successful models of local banking

in European nations. Throughout Europe, public banks – such as Sparkassen in Germany and cooperative banks including JAK Members' Bank in Sweden – provide an alternative that make up a significant proportion of the banking sector. Regional 'stakeholder banks' take different forms, but there are some common characteristics shared by successful models. They serve a specific geographical area; focus on retail banking (rather than riskier speculative trading); have a social as well as financial mission; are commercially rigorous; and collaborate in networks (where possible) to achieve economies of scale. As these banks pursue different business models to national shareholder banks, they can improve the resilience of the overall financial system, making it less susceptible to shocks. This was evident in the wake of the 2008 crash, when many smaller local banks in Europe were able to maintain lending to SMEs, while UK banks were further shrinking their credit supply.

Building banks

The RSA's Inclusive Growth Commission concluded in 2017 that a modernised version of regional banking adapted to the UK market had the potential to be both commercially viable and a powerful driver of inclusive growth.

The Commission's final report highlighted the work of the Community Savings Bank Association (CSBA), which had been established in 2015 with a vision of supporting a new network of customer-owned regional

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banks across the UK. Following the introduction of the Co-operative and Community Benefit Societies Act in 2014, it had only just become legally possible to establish banks of this kind. Reforms such as this were brought in, in part, to increase competition in the sector, but new entrants are yet to challenge the dominance of the big banks. And, although people may trust banks less after the financial crash, most will still need some convincing to switch. While it would take some time for local cooperative banks to establish a significant market share, they could provide a much needed alternative for consumers: one that prioritises people and places over maximising shareholder value.

Building on the work of the CSBA, RSA Fellows in the south-west and west of England have gone a step further and are in the process of setting up new banks in their regions, having submitted initial plans to the regulators. The RSA has played a key role in supporting them, as well as spreading interest in local banking across the UK; with Banc Cambria receiving support from the Welsh government, and proposals in the north-east and north-west gaining traction with local government.

Each bank will be tailored to its region, offering online, mobile and physical banking. This means building new cost-effective branches in many parts of the UK, which has lost 50% of its branch network in the past 30 years. Sharing similar features to their European counterparts, these regional banks will

recirculate deposits in the local economy by lending to small businesses. They will offer bank accounts to all, enabling more people to be in control of their finances and helping them to avoid predatory payday lenders. Their head offices will be located regionally, creating new, high-skilled jobs with decent wages. Offering straightforward products, with no mis-selling or hidden fees, they will aim to rebuild the trust that should be the foundation of all banking relationships. And operating democratically, with one member one vote, everyone will have a say in how the bank is run, irrelevant of how many shares they may own.

A 2020 vision?

Regional banks are part of the fabric of many European economies, but is it feasible to replicate this model in the UK in the 2020s? If the big banks are shedding their costly branch networks and new challenger banks are operating online, can branches still be cost-effective? Incumbent banks, government, regulators, fintechs, challenger banks and alternative finance providers such as credit unions will have their own approaches to tackling the issues raised in this article, and those should be welcomed. However, more than 10 years on from the financial crisis the sector has failed to deliver meaningful change. We desperately need financial services that better serve the public interest. If new regional banks can convince the regulators that their business models stack up, they could provide part of the answer. ■

A NEW IDEOLOGICAL ERA

The fragility of contemporary ideological groupings has become evident over the past few years; political thinking is in flux

by Michael Freeden

Seen through the prism of ideology, 21st-century Britain has undergone sea changes, even convulsions. Not long ago the grand ideologies – conservatism, liberalism, socialism – were predominant. Their messages were clear, their packaging simple and their beliefs comprehensive. They were disseminated not just through manifestos but through respectable books and newspapers, eloquent leaders, party machines and political movements. But major ideational developments have since taken place in contemporary societies, including the UK. In order to detect them we need to look past the conventional pejorative labelling of arguments as ‘ideological’ and examine more closely the ways in which ideologies are produced and disseminated.

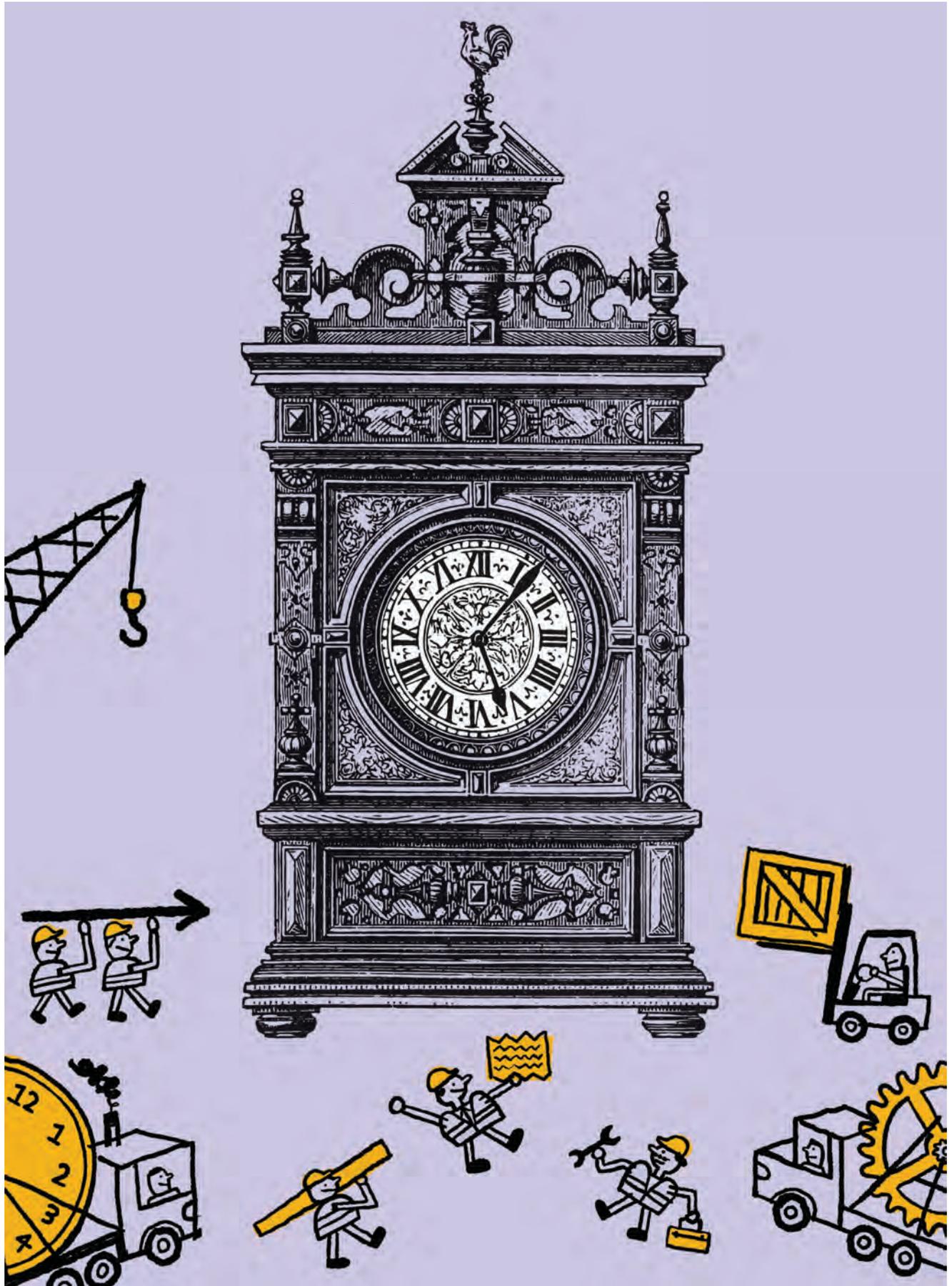
Ideology has not entirely shed its stultifying connotations. These conjure up a superimposed and doctrinaire set of political ideas. This view associates ideology with oppression, dogmatism, closure, abstraction and distortion. There is still a tug-of-war between those who hold to such a Marxist-inspired understanding of ideology as monolithic and those who accept the multiplicity of ideologies in plural, complex societies. Of course, some voices deny the significance of ideas in political conduct, pointing instead to economic self-interest, pragmatism, or unreflective spur-of-the-moment impulse. But it is indisputable that ideologies matter enormously in our political lives, in every sphere of social interaction and at varying levels of sophistication evident in political discussion, and that they can serve as sources of great inventiveness, reform and inspiration.

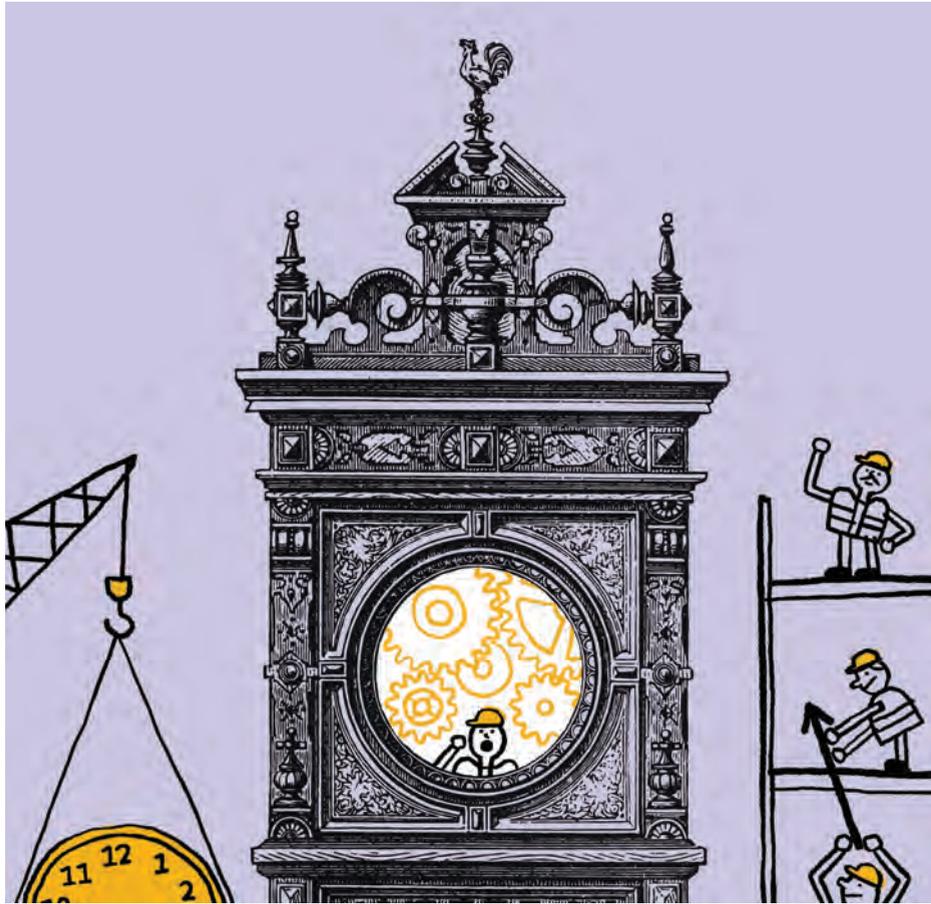
From political parties to local councils, neighbourhood support groups and pub conversations, we find people expressing preferences about their shared lives. We support, criticise, reject and dream about the collective arrangements of our society, and often of other societies as well. We invoke allegiances and hostilities towards them. In our imaginations we draw ideational maps – sophisticated or disjointed – of the social and political terrain we invariably need to navigate, and frequently stumble through, to make sense of our worlds. Just as Molière’s M. Jourdain discovered that he had been speaking prose all his life, we are not always aware that we think ideologically as a matter of course. Our diverse worlds increasingly confer subtler meanings on what ideologies are and do, above all as open and fluid competitions over the control of political language; for whoever controls the meanings of words holds society in an iron grip. As Humpty Dumpty famously replied to Alice’s query whether one can make words mean so many different things: “The question is, which is to be master – that’s all.”

Fragmenting ideologies

In Britain, however, that mastery is at stake. Political discourse and patterns of political thinking are in a state of rapid and unstable flux. The principles on which ideological alignments used to be made – nationalisation, or free trade, or respect for traditions and venerated institutions – are muted or eclipsed by the dearth of great causes and the absence of social visions of the kind that typified the humanist

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“Ideologies display less internal coherence and more fragmentation, enabling the combination of ideological elements once ruled invalid”

post-1948 welfare state or, by contrast, the free market and deregulation crusade associated with Margaret Thatcher. Instead, a shift has occurred towards concrete and often discrete concerns over health delivery, immigration, regional devolution, or climate change, all of which call into question the assumed separateness of older ideological families. Ideologies display less internal coherence and more fragmentation, enabling the combination of ideological elements once ruled invalid: Labour accepting the part-privatisation of national utilities; the Conservatives campaigning for populist measures that weaken their claim to be the voice of industry and enterprise; the Liberals espousing the protection of group identities, often in a difficult balance with individual rights. Ideologies have become amalgams of loosely clustered and detachable components – modular units that can be rearranged in multiple forms – while the boundaries separating one ideology from another have become more porous. That virtue of augmented adaptability is thus matched by the vice of increased volatility.

Many factors have contributed to the mutations now displayed by British ideologies: Labour

attempting – and failing – to retrieve an older spirit of socialism, having previously captured most of the progressive middle ground; the Conservatives moving towards being a one-issue party bent on transforming socioeconomic grievances into a retrieval of an isolationist nationalism that mops up little Englandism. The ill-fitting first-past-the-post electoral system can no longer contain the tensions that it has often managed to deflect in the past. In the mid-20th century, British ideological configurations allowed for the semblance of consensus (however thin) on undoubtedly the country’s greatest domestic achievement: the welfare state. That was due to a policy overlap between the two main political blocs, even if their motives – social justice versus economic efficiency – differed. Since then, it has become glaringly obvious that the flipside of the electoral practice of ‘winner takes all’ is ‘loser takes nothing’.

In a multi-ideological society where the range of parliamentary representation through the democratic process is curtailed, and many voices cannot be heard properly, parties can function as internal coalitions of disparate ideas. But when factions break off, as happened when the Social Democratic Party was

cobbled together from elements of Labour and the Liberals, their long-term future is imperilled. Under such conditions, ideologies survive by transcending party boundaries, exporting segments that are compatible with other political beliefs. Environmentalism is one such example; sensitivity to ethnic, gender and religious cultures – albeit still selective – is another; and a liberal constitutionalism respecting human rights has long been assimilated into progressive and centrist thinking.

The Brexit catalyst

Overshadowing all this, of course, is the Brexit furore and its profound impact on the 2019 election. Brexit engendered a fundamental clash of ideologies, but not just in the usual, more easily decodable, mould of past ideational conflicts. Ideologies are more than programmes of collective values to be sought or resisted. They are also conveyers of basic attitudes towards the political, embedded in diverse displays of human behaviour.

The elections were not in themselves won or lost over Brexit, which simply acted as a catalyst for a long-standing social and political malaise. As the emblematic channel of those projections, Brexit has laid bare the fragility of contemporary ideational groupings; it has revealed the demotic roots of political maps and commitments; it has highlighted the powerful emotional, indeed fantasmic, drives that underlie and often replace the rational argumentation over-optimistically associated with public debate; it has propelled to the fore the existential anxieties of dispossessed communities; and it has resurrected the hopes and fears concerning Britain's role as a fast-diminishing power on the world, and now European, stage – step two of a process that commenced after Suez in 1956. Almost incidentally to its stated purpose of exiting the EU, the political impact of Brexit has changed our expectations of the nature of political language, shaking up many of the conventions of British political thinking.

Brexit illustrates the new precarity of ideological loyalties and the failing strength of the glue that keeps them together when their consumption is subject to new modes of ideological dissemination. Digitalisation and a transformation of the media and platforms that circulate political information (or, just as likely, blatant lies) have transfigured ideologies in peculiar ways. So-called digital democracy is nothing of the kind. It is merely the filtered manipulation of targeted audiences through political micro-messaging and, conversely, an outlet for scattered opinions that bypasses the former comprehensive span of ideologies and their broad public reach. In an era of electronic

urgency and immediacy, no time is left to consider arguments, let alone savour their finer points. Ideologies are always simplifications of intricate views and beliefs, but their paring down to disjointed slogans instead of – rather than alongside – weighty political programmes turns elections into little more than a numbers game. True, most individuals possess, consciously or not, a road map of sorts offsetting such ideationally disembodied distillations, but their extraction requires the unhurried effort of slow cooking, not the digestive haste of tweeted fast food.

The 'people'

The production of political views has undergone steady changes. Public political discourse is no longer the monopoly of the intelligentsia, or the well educated, or the hallowed urban habitats of the middle classes, nor does it reproduce their styles of articulation. The rise of the demotic has percolated into political language. One striking development has been the rise of a right-wing populism which, oddly, makes us more similar to many of our European neighbours. Yet the self-discovery of the 'people' as a potent political force is a novelty on the British ideological map, exposing fundamental fault lines in UK governance, whether constitutional, rhetorical or structural.

The constitutional issue faces the dilemma, now starkly thrust into public view, of a disruptive dualism between the revered parliamentary sovereignty of British politics and a newly comprehended popular sovereignty asserted by ordinary people who feel alienated from Westminster. The legal fiction of sovereignty as indivisible – insisted on by constitutional lawyers – simply belies the facts on the ground, while the de facto partially shared sovereignty with the EU was given short shrift by populists.

But competing sovereignties, creating incompatible sources of ultimate legitimate authority, bode ill for a well-ordered polity, as the parliamentary stalemate for the past three years has demonstrated. This has been cashed out by appropriating the referendum as the essence of popular democracy, tellingly claiming the irreversible finality that general elections never attain. That finality goes against the grain of one of the greatest attractions of liberal democracy in the humanist, constitutional sense: the factoring in of time and change by revisiting, weighing and potentially altering political choices. Instead, the shallowness of the debate and the ignorance displayed on all sides of the 2016 referendum – the most important issue Britain has faced since the Second World War – undermined the democratic process rather than enhancing it. Even Rousseau, when making his case for the general will, added the crucial qualifier "properly informed". ▶

The rhetorical menace is the introduction of a totalism in ordinary political language that elides truth/falsehood boundaries, attempting to confer equal validity on all utterances. It is reflected in the online abuse and harassment of MPs and parliamentary candidates. Above all, it is evident in the dispiriting mantra of ‘the will of the people’.

This profoundly undemocratic concept has been used outrageously time and again by totalitarian regimes, but it is unacceptable in a multicultural and multi-ideological society. Yet we now find it employed in the UK to silence dissent by proclaiming the indivisibility of the people and even denouncing its ‘enemies’. Encouraged by the ‘loser takes nothing’ framing of our political choices, it marks a shift from a qualitative to a purely quantitative understanding of democracy. Even the mathematics, though, are false. In the 2016 referendum only 37.5% of those entitled to vote opted to leave the EU. That became 51.9% of those actually voting and was rapidly transformed by the magic of political self-deception into the 100% embedded in the notion of the ‘people’s will’. The result was a potent ideological tool culminating in the 2019 election victory of a conservatism heavily in thrall to populist rhetoric, anxious not to be seen to betray the public’s outwardly democratic moment in 2016. More disconcertingly, the phrase ‘will of the people’ was also adopted by senior Labour figures on the other side of the ideological spectrum.

Disenfranchisement

Within the two major parties, there has been a discernible reduction in tolerating internal diversity. Those who espouse ideological variety within their own parties are expelled or sidelined, not least because the parties cannot cope with the patchwork of ideological segmentation and rupture encircling them outside the narrower domain of party politics. In the case of Labour, the resurrection of a socialist agenda has been electorally costly, underscoring the deep ideological splits that have bedevilled the party for over a century, and threatening a new intraparty battle. But ideological complexity is rarely electorally marketable. More common is a flurry of banal core messages that mask tortuous ideological conundrums, leaving large swathes of people in every walk of political life ideologically disenfranchised. And let us not forget the staggering political inequality airbrushed out of the UK’s democratic credentials when, for example, the Liberal Democrats secured almost 3.7 million votes but obtained 11 parliamentary seats, while the Scottish National Party garnered just over a third of that figure yet walked away with over four times the number of MPs.

Another rhetorical ploy is the elevation of ‘frustration’ to key word status, both feeding on the unfulfilled craving for recognition by those who are marginalised and signalling a deep disaffection with the democratic ethos itself. Notably, when Brexiters railed against parliament and the courts for frustrating ‘the will of the people’, they expressed a dual exasperation: a visceral sense of delayed gratification induced by the cumbersome, yet justifiable, legalism and deliberative bottlenecks that prevented the future from happening instantly; and – leading to the December upheaval – a darker despair at being permanently mired in crippling hardship. The alienation and impatience these feelings generate is unsurprisingly directed at the political leadership, but they are exacerbated by the public displaying a vague sense of direct ownership of the democratic process of which they feel robbed, without always appreciating its conflicting and multi-ranging niceties. After all, democracy is built precisely on frustrating and assuaging the desire for immediacy through the measured deliberation of public affairs.

The structural development is a re-imagining of British society in which the established, though still crucial, cleavages of class and gender – once so central to mapping politics – have been attenuated, replaced by age (the elderly contra the young), region (the urban metropolises contra the small towns and villages) and national identity (being fearful or at ease about foreigners, particularly continental Europeans, and, on a different dimension, the growing demands from Scotland and Wales for recognition as distinct nation-states). Ethnicity and religion (excepting Northern Ireland) do not quite possess that political salience, for better or for worse.

Many of those divisions are converted into the populist language of distant and self-absorbed elites versus ‘ordinary people’. But here too lies a misconception. The battles waged by populists are mainly orchestrated by elites (UKIP, the Brexit Party), who assume the largely unspoken and often unknown views of the populace and superimpose their voices on the latter’s silence. Those confrontations continue to be internal to urban and savvy elites, either espousing forms of progressivism or forms of conservative parochialism. And then there is the latest version of the Irish question, revolving around boundaries on land and sea and ironically drawing in the EU as the indirect gravitational force on the UK’s doorstep.

Emotional appeal

The rejigging of appeals to the head, the heart and the gut in a fast-changing cultural environment epitomises the current state of British politics. Historically, both socialism and liberalism, in their many varieties,

“Brexit has laid bare the fragility of contemporary ideational groupings”



made chiefly intellectual cases for their principles, whether they be the rational affirmation of individual liberty, human rights and progress, or a confidence in the apparent historical inevitability of equality and collective solidarity. Yet neither were immune to the emotional underpinning of their beliefs. Liberals have always been passionate about rights and protection against harm; socialist fervour was directed against material deprivation and human exploitation. Conservatives too were emotionally committed, to stability over change and to national traditions, while arguing rationally for the economic efficiency of private enterprise. But in recent years, British politics has turned to invoking the guts and exacerbating the role of leadership, both positively and negatively. The decline of politics as a battle over ideas, values and visions has been accompanied by disenchantment with its prospects. It has become a disorganised, casual arena for giving vent to – instead of constructively airing – resentment and anger, morphing into vague delusions of taking back control.

In the north and the Midlands, crucially, the new Conservative MPs now fleetingly represent the mood of their electorates, not their social ideologies. Brexit

became the fantasised pretext to express displeasure by voting against an incompetent and dogmatic Labour leader. It took the shape of removing hapless MPs whose fault was to stand in for an ailing political power that could not deliver. It was precisely in these traditional Labour heartlands that exasperation due to poverty, underemployment and hospital queues was the most acute. Those larger causes will not go away, despite the conspicuousness of climate change on the agenda of pressure groups and the young, but they require translation into more attractive language and appropriate strategies for imparting them.

In the longer run, two issues are particularly pressing. First, the ignored demos and its multiple grievances demand attention. If the public continue to be manipulated by new technologies of communication and blustering elites, they will find further ways to reassert themselves at the heart of politics. Brexit is – unsafely – out of the way, but the power of popular disruption and protest is not. Second, the proud, non-party tradition of humane liberalism that was Britain’s contribution to a civilised world, and which is now sadly underrepresented, needs to regroup and rediscover its voice. ■

“What people are mobilised by is dignity. They want status and a place in life”

Esther Duflo talks with Matthew Taylor about how economists can regain the public's trust

Matthew Taylor: What was the core purpose for you and Abhijit Banerjee in writing the book?

Esther Duflo: We realised that many of the core debates that people were having in western Europe and in the US were fundamentally around economic issues, or at least issues that had a lot of economics in them, such as immigration, trade, or Brexit for that matter. Yet economists seemed to have no place in these conversations, and we thought we should try and do something about it. Not to give people answers necessarily, but at least to show a different way to reason about these things rather than just going at it with emotions and ideology. We wrote this book in the hope that the conversation could improve.

Taylor: One of the arguments you make in your book is that we have a pretty deep disposition to be biased against people who are not like us. And that just seems to be a human characteristic. On the other hand, it doesn't take much for us to be snapped out of that; it is who we are, but it isn't our fate.

Duflo: We are very quick to define the other. There was this experiment where kids were sent to an island and divided into two groups. These developed bonds and when the two groups were put back together they competed like crazy. That's the bad thing: we're quick to make friends and to define an enemy. But there are two hopeful messages. One is that it's completely arbitrary who you decide your friends are and therefore it doesn't have to be attached to a strong label like race or religion. The

second is that when the children were faced with a challenge that required them to work together they overcame this animosity.

Taylor: There's a lot in your book about wanting to use a sophisticated, progressive understanding of economics to counter polarisation. But you look around the world and you just think, people don't seem interested in facts. So that is quite a leap of faith.

Duflo: I still hope that it is possible. The current situation is, in large part, the result of a failure of economists and, to some extent, the rest of the social sciences and intellectual class, in trying to communicate with the broader public.

Economists are the least trusted experts about their own field of expertise. There was a YouGov poll in the UK that showed 25% of people believe economists when they talk about economics. That's the lowest possible level of trust save for politicians, who are not the most popular figures in the UK at the moment. We repeated the same survey in the US and we found exactly the same answer. People are not willing to listen to economists but they will listen to facts in other sectors; for example, they trust doctors and nurses. They even trust weather forecasters.

It's not that people have abandoned reason in general. It's more that economics has gone down an ideological path, taking the assumptions that power our models as assumptions that are true in the world, even when that isn't the case. And frankly, for many years economists sold people a bill of goods in terms of how simple things were and where their self-interest ▶

Esther Duflo recently won the Nobel Prize for Economics along with Abhijit V Banerjee and Michael Kremer. Her most recent book is *Good Economics for Hard Times*





“For many years economists sold people a bill of goods in terms of how simple things were”

lay. They said you have to tighten your belt because eventually it will come back to you in some form of trickle-down magic; naturally, at some point people said well, where is it? Where is the trickle-down?

It’s understandable that they have no interest in listening to economists. On most issues, economists and people entirely disagree. Sometimes it’s because facts are missing in a conversation and sometimes it’s because economists have a blind spot. What we’re trying to do in the book is to lay aside all-knowing expertise and say let’s have a conversation, let’s try to see what the facts are and then try to understand why the facts are the way they are.

Taylor: This sounds like an attempt to help save economics from itself. But what struck me reading the book, as a sociologist, was academic polarisation. No psychologist would ever have subscribed to the model of human motivation that economists struggled under for decades and is still the orthodoxy in economics.

Duflo: Some disciplinary strengths and approaches are fine to maintain, but I think it’s important for the disciplines to talk to and learn from one another. I’m a voracious reader, I trained as a social scientist more broadly and as a historian before becoming

an economist. All of these disciplines would benefit from doing joint projects as opposed to just reading each other.

Taylor: You’ve been studying human behaviour in fine-grain detail for years now. What has surprised you?

Duflo: One of the core tenets of our work has been that we need to beware of intuition. Economists’ intuitions are usually wrong, as are most people’s. Whenever you have an intuition that something might work or make a difference, or people may behave this way or that way, you have to test it. That’s why we developed the method of doing randomised controlled trials. It gives you a strong test of whatever you want to find out. But you cannot always do them; in the book we rely on other types of evidence as well.

One core thing that runs counter to many people’s intuition, both economists and non-economists, is that people are much less sensitive to financial incentives than we think they are. A lot of economists say if there is a better job people will move to take it, or if taxes go up people will stop working because work will not pay as much. You name it, look at any economic policy and usually some economist is asking what the financial incentives are. One thing we discovered in

our work in the developing world, but you also find empirical evidence in western societies, is that people are much less sensitive to financial incentive than is commonly thought. Often what makes them tick is something different.

Taylor: The way in which we think about the poor is critical. You talk about a Victorian mindset, which is that the poor are squalid and dirty and immoral and their problem is a moral problem, and that is then overlaid with a neoclassical *Homo economicus* view telling us that everything people do is a reflection of their preferences in a world of rational utility maximisation.

Duflo: The Victorian mindset gets a booster shot in the Reagan/Thatcher era, which was very much fuelled by neoclassical economics in its most bearable version, which again was about incentive. The welfare queen of Reagan is in a sense the neoclassical version of the Victorian dirty poor. And that has stayed with us in a very persistent way, because after all who reformed welfare in the US? It wasn't Reagan, although he had the rhetoric, it was Clinton. This means that it was under a Democratic administration in the US that we ended welfare as we know it.

Paradoxically, we've known in the US for years that people are not that sensitive to financial incentives. In the early 1970s, they ran a series of experiments that gave people a guaranteed income. They had a fixed transfer that was taxed away as they earned more. You would imagine that therefore the poor faced a strong disincentive to work, but it had almost no impact on the labour supply. This is what all the reports at the time concluded. But it's something that economists have managed to keep to themselves somehow; the little dirty secret of economics.

People don't act like economists think they act and they don't think like economists think. But to some extent they have drunk some of the magic Kool-Aid; they think that other people are sensitive to incentives. We did an interesting experiment for the book. We interviewed 10,000 people and we asked 5,000 of them, randomly selected, the following question. If there was a fixed guaranteed universal basic income (UBI) of US\$13,000 a year would you stop working or would you work less? To the other half we asked, if there was a UBI of US\$13,000 a year would *others* stop working, or would they work less? When you ask people about themselves they say no, of course not, I would continue to work. But when you ask them about other people, they think others will stop working. That has made the politics very complicated.

You cannot really trust the economy to go with the flow and adjust itself when there's a shock. People are not just going to move elsewhere; they need help. We should try to change the image of welfare so it is not seen as something that is there to punish you for being poor but instead is there to thank you for being the victim of the disruption on behalf of the rest of us. The problem is that even though that's the rational thing to do, the politics of it are hard.

Taylor: Are you completely rejecting that story of conditionality and structure?

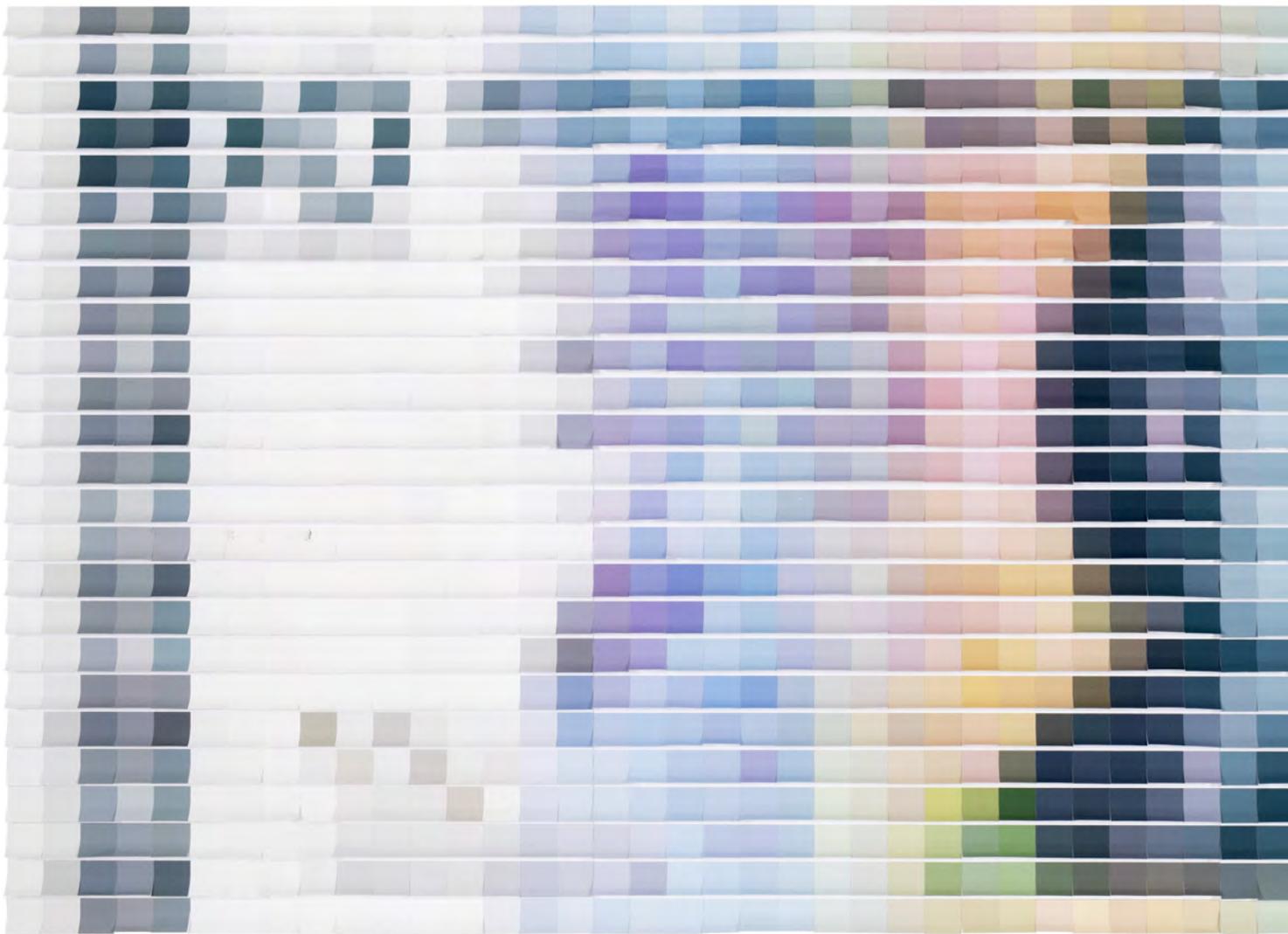
Duflo: Let me separate the economics and the political. I'm not naïve; I understand the need to keep the politics on board. On the pure economics, the conditional cash transfer options have been repeated in many countries and they've been very successful in increasing children's education and health. In many cases, people need more than money; they need structured help to achieve their goals. My view on pure UBI in a country like the US, or the UK, or in France, is that it's probably not what people need or want. What people are mobilised by is dignity. They want status and a place in life. For a lot of people, this sense of self-respect comes from doing a meaningful job.

Taylor: A challenge is that your work requires years and years to be able to test whether things work, but politicians have a very short time frame. Does policy work in the modern world? What do we have to do differently to make policy have a better hit rate?

Duflo: You're right to point out there's a crisis of legitimacy of government in general. Again, I would blame economists. You've got Milton Friedman saying I've never seen a tax cut I don't like, or government is not the solution, government is a problem. Many economists have absorbed this as a mantra.

We need to rebuild the legitimacy of government in the eyes of the public. Our approach of doing experiments takes a long time but the advantage is we're not starting from scratch. We have a whole pot of experiments that one could draw on to get started.

But there is always a bit of an effort in encouraging innovation and new ways of thinking, and that's why we set up Poverty Action Lab as an institution, or J-PAL, which is the name of our network. We realised we can do the research and talk about it until we're blue in the face, but to get by in policymaking and on the ground it takes a lot of actual groundwork. It's patient work, it's not going to happen overnight, but I see no reason to be discouraged. ■



CASHING OUT

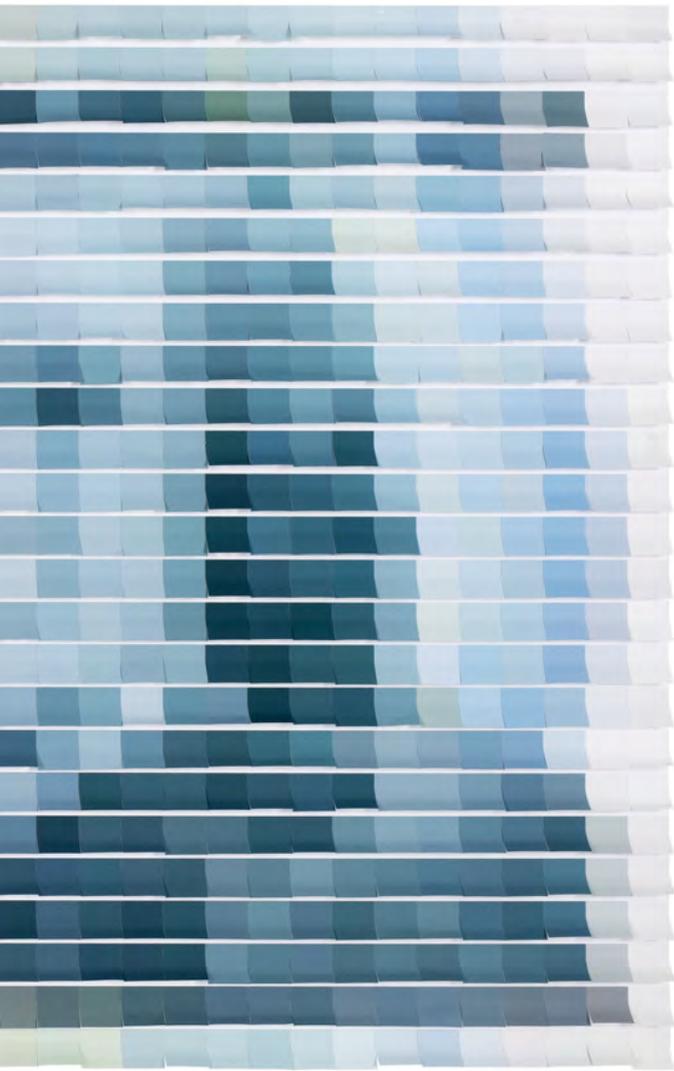
In many countries, physical money is on the decline. Are we heading towards a cash-free future?

by Niklas Arvidsson

Cash transactions in the UK decreased by over 50% between 2008 and 2018, but Sweden is seen as the champion of cashlessness. Its experience provides important lessons to other nations regarding the challenge of, on the one hand, stimulating innovation and new solutions, and on the other hand making sure to avoid a digital divide where some people and businesses are left behind.

For Sweden, the change was gradual at first but then accelerated in pace; so much so that in October 2019 the value of cash in circulation had dropped by more than 40% since its December 2007 peak, to around SEK57.5bn (approximately £4.6bn). Cash is no longer king in Sweden.

The use of cash in the country reached its zenith in December 2007, when cash in circulation excluding banks' own holdings amounted to almost SEK100bn (about £7.8bn). Having received their wages, people were planning which Christmas presents to buy; in practice, this meant going to an ATM and filling their



wallets with cash. However, since then, payment habits have changed. This was gradual at first, but then accelerated in pace.

Why did this happen? The simple answer is that Sweden is simply ahead of the curve, with the rest of the world soon to follow suit. But the full picture is more complicated. There are a multitude of factors driving this transformation in payments.

Sweden leads the way

In the early 2000s, Sweden's central bank, the Riksbank, decided to outsource important parts of the cash-handling process – such as printing, storing and transportation of cash – to private companies. This marketisation of cash handling meant that profitability (or rather the lack of it) became an important driver of change. Cash-related services did not generate profit for banks and there was no legal requirement for banks to provide such services; this had already affected the use of cash in the first half

of the 2000s. In addition, merchants and banks were under no legal obligation to provide or accept cash.

There were also a number of factors that made organisations and the public start to view cash as a problem, rather than as an efficient payment service. During the mid-2000s, banks, stores and even public transport were hit by a wave of robberies. Unions started lobbying for a reduction in the use of cash, to protect their members. In 2008, the public transportation company in Stockholm, SL, became the first such company to stop accepting cash. Prior to this, the government had also clamped down on tax evasion related to household services generally paid for in cash, such as carpentry and cleaning. Invoices and electronic payments became more widely used, further eroding the demand for physical cash.

Technology company iZettle launched its mobile card reader in 2011. This meant that card payments could be used in situations where cash had previously been the preferred, if not the only, solution. All of a sudden, street vendors, kiosks and small restaurants could use a mobile solution instead of cash. But the real game-changer arrived in late 2012, when six of Sweden's largest banks launched Swish, a new mobile payment service. It has become the dominant service for person-to-person payments; as at late 2019, over 70% of Sweden's population of 10 million were using the service.

Facing a new reality

Today, more than 50% of bank retail branches do not provide cash-handling services, and access to ATMs and cash deposit machines has not increased to compensate for this. Around 20% of merchants selling discretionary goods are not accepting cash at all. This dethroning of cash has brought many positives, including more cost-efficient payments, lower risk of robbery, greater competition and the proliferation of innovative start-ups. But it has also created problems. County administrative boards – government agencies in each of Sweden's counties – are monitoring access to basic payment services and have seen growing problems for the more vulnerable members of society, especially the elderly, people with disabilities, immigrants and smaller businesses in rural areas. Those who find it harder to navigate online systems – either because of lack of access or tech literacy reasons – are in danger of losing out.

In response, there have been public protests. Following a parliamentary inquiry, the Swedish government will now require banks to provide cash-related services in all parts of the country, and the central bank to provide new cash depots in the sparse and little populated north of Sweden. Despite criticism ▶

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“For some, physical cash still has a symbolic importance that elevates it above online payments”

from banks, these policy changes will be implemented this year, with the aim of guaranteeing that everyone in the country has access to basic payment services.

The role of digital currencies

The question of how we pay for things is not just technical; it is emotional. For some, physical cash still has a symbolic importance that elevates it above online payments. In 2013, along with two consulting companies and a public transportation company, I conducted a study in which we asked 1,000 Swedes about their views on cash. Some two-thirds of respondents said that they saw physical money as a human right, demonstrating the prominent position cash still has in society. And it still plays a critical role in the payment system. Fiat money (currencies backed by the government) essentially represents a contract saying that the holder of a specific bill – let’s say a SEK500 note, equivalent to about £40 – has a claim on the state. This is what we call central bank money. Given the historical stability of the Swedish state and its economy, this is a strong claim that reassures the owner their money is secure. But if cash disappears, the public will no longer have access to this type of claim.

The money in your bank account is a claim on the bank providing the account, and this is what we call bank money. In most countries, these deposits are guaranteed by the government up to a certain sum,

which is why banks argue that we do not need central bank money. Their view is that bank money is just as reliable. I disagree. The Riksbank was granted a monopoly on providing cash in Sweden in 1904, as the cash markets at the time were chaotic. Banks supplied their own cash and, given different banks’ differing economic situations, the value of the varying kinds of cash fluctuated. A crown from bank A could lose its value in relation to a crown from bank B. Granting the Riksbank a monopoly on cash created order and stability. I believe that central bank money should always be available to the public.

This raises the question of what form this money might take. We are used to bills and coins, but could it also be provided in an electronic form? Like other central banks worldwide, including those in Canada, China and Uruguay, the Riksbank is exploring this option. Called central bank digital currencies, these could become a form of cash that is adapted to our increasingly digital world. The Riksbank is looking into the possibility of providing an e-krona – an electronic crown – to the market as a complement to bills and coins. That the central bank is addressing this challenge is a sign that it is taking a proactive role in shaping the future payment system. But we should note that the step towards realising this is not an easy one, and there are many challenges – including resistance from commercial banks – that must be overcome.

But what about Bitcoin? Surely this was a major factor in hastening the decline of cash in Sweden? Introduced to the world by the mysterious Satoshi Nakamoto in 2008, Bitcoin has not yet taken a position in retail payment markets and has, in fact, had very little impact on the use of cash. A well-functioning payment service should – among other things – be based on a stable value, and this is one of the main problems with Bitcoin. Its value fluctuates heavily, meaning that holding or accepting it involves financial risk. You cannot be sure your Bitcoins will have the same value tomorrow as they have today. This is fine if you view Bitcoin as a financial asset, but not if you view it as a payment service.

An efficient payment service is built on the premise that many buyers and sellers accept it and that prices are set in the given currency. First-generation cryptocurrencies – like Bitcoin and Ethereum, first launched in 2015 – have failed here too, and have not yet made their entrance into the public markets for retail payments. Of course, there are the other problems around Bitcoin, such as its high energy usage and the ease with which it can be used for illegal transactions on the dark web.

This is where the next generation of cryptocurrencies – so-called stablecoins – have entered the scene. These are linked to an underlying portfolio of assets that aims to create a stable value. One recent example is Libra, which was announced by Facebook in June 2019. The company plans to launch the cryptocurrency via the Facebook platform, and it will be targeted at people around the world who do not yet have a bank account. So far, the project has encountered many problems and has received justified critique from central banks as well as from founding members. The main criticism relates to concerns about how well Libra will abide by regulations related to, for instance, anti-money laundering, financial stability and consumer protections. In my opinion, we should welcome initiatives like this, as the markets for globally viable payment solutions need to be improved, and innovations such as Libra could show us the way forward – providing, of course, that these initiatives follow regulations.

The future of payments

So, what will our way of paying look like in future? Innovation can be stimulated via projects like the e-krona, but public procurement can also be used to meet the challenge of avoiding a digital divide. A good example is the payment solutions for immigrants introduced by the Swedish National Debt Office. In essence, this is a debit card procured by the state and loaded with a specific value before being given

to beneficiaries. Innovation agencies, like Vinnova in Sweden, should be transformed into stimulating innovation in digital industries.

Another challenge is growing platforms for payments – processing, settlement and services – so that they are effective on the international scene. Nordic banks are launching an internationalisation project called P27, which aims to achieve just this, and the European Central Bank is launching a new European platform for instant payment called TIPS.

Business and consumers have a key role to play in the future of cash, and it is important that they are given the necessary information to make informed decisions. To this end, I have argued that governmental agencies and education forums – and businesses for that matter – need to take the lead in launching campaigns aimed at helping people and companies to understand the challenges and opportunities in a world where all payments are digital.

The future is without doubt digital. But it is still not clear who will be the main provider of payment services and money. As central banks and private companies develop their own solutions, who will ultimately prevail? ■

RSA Fellowship in action

Future of Work

In the UK, the concentration of employers and opportunities in London and the south means that young people outside of these areas might find it harder to access the same range of career options.

Alison Edmonds and Jane Barrett wanted to make it easy for employers to connect with schools around the country, equipping students with careers knowledge. Their project, Future of Work, livestreams employers directly into secondary schools and gives students the opportunity to ask questions.

The companies involved are all able to demonstrate that they have a robust sustainability agenda; the focus initially is on the food, transport and energy industries. “We’re really passionate about marrying careers with sustainability,” says Alison. “We want these young people to drive change; to go out and choose a sustainable employer.”

The project has been awarded a £2,000 RSA Catalyst Seed Grant, which will be used to pilot the scheme in 20 schools. From there, it is hoped Future of Work can become a nationwide initiative, before going international. “We want to build positive futures for young people,” adds Alison. “There’s no limit to how we can broaden aspirations.”

■ To find out more, visit www.thefutureofwork.org.uk or contact Alison on alison.edmonds@epicsteps.co.uk

LABOUR WANES

Jobs are rapidly changing; are we about to see a move to the four-day working week?

by Andrew Barnes

🐦 @4dayweek_global

The germ of the idea for implementing the four-day week at my company, Perpetual Guardian, dates to the end of 2017. An article in *The Economist* caught my eye; it detailed the results of two studies of UK and Canadian office workers that found that, on average, they were productive for only one and a half to two hours in a standard eight-hour day.

Perpetual Guardian is a trust company that employs about 240 people. I realised we lacked comprehensive measures of productivity, or output, across every aspect of the company. It occurred to me that we might be falling into the same trap as many others by rewarding people not for their output but for the number of hours they spent at their desks.

I wondered if a four-day week was better suited to the 21st century, and decided to run an eight-week experiment at Perpetual Guardian in 2018. This was an agreement with my employees that we would achieve 100% of the agreed output in 80% of the time, for 100% compensation.

We knew that to make a four-day week work in practice, we needed to concern ourselves with all the time-wasting activities that find their way into the workday: the personal texts, calls and emails; the web browsing and overlong meetings; the unnecessary conversations; and other unproductive office habits. Staff cut down on, and in many cases eliminated, these activities because they were incentivised by the prospect of a ‘gifted’ weekly day off in exchange for more productivity while at work.

Our trial far exceeded our expectations, improving productivity and profitability. When looking at job satisfaction, engagement and retention, Jarrod Haar, Professor of Human Resource Management at Auckland University of Technology, who monitored the trial along with a colleague at the University of Auckland, identified that on these criteria we scored very high compared with data of more than 6,000 New Zealand employees. These metrics were already high pre-trial, but they rose significantly post-trial.

Indeed, the trial so soundly proved the viability of the four-day week that, starting in November 2018, we implemented it permanently on an opt-in basis. This model offers employees the choice to work a reduced-hour week and invests our company with the power to withdraw the ‘gifted’ weekly day off if the employee does not hold up their side of the bargain. Since then, we have seen company revenue and profitability increase by 6% and 12.5% respectively.

Some people chose not to opt in, instead negotiating five shorter days. A different schedule can work just as effectively as a four-day week when it maintains a focus on output as a measure of value.

The new working normal?

Our experience has proved that the five-day week is a 19th-century construct. It is no longer fit for purpose in a world where the physical and mental health of workers is compromised, family connections are strained by the intrusion of work into the home

Andrew Barnes is the CEO of Perpetual Guardian, and a pioneer of the four-day working week. His book, *The 4 Day Week*, is out now



by digital means and the threat of climate change is becoming more immediate (reducing overall commuting time will help to lower carbon emissions). The gig economy promised flexibility, but in practice it has come at a human cost. It undermines fundamental worker protections, from holiday and sick pay to retirement savings, that have been hard-won over decades of labour organisation.

Now others are taking heed. Microsoft Japan has shown real leadership in a short time: in April–October 2019, the company announced a four-day-week trial, implemented it and reported on the results, which included a staggering 40% uplift in productivity.

After Russian Prime Minister Dmitry Medvedev proposed a four-day week across the country, the Labour Ministry consulted with employers and trade unions and compiled a report that found that reducing working hours while maintaining pay levels may contribute to better health of employees and improved productivity and employability. Meanwhile, the Finnish Prime Minister, Sanna Marin, called the four-day week an “interesting idea”.

Many companies are getting on board. A number of UK businesses have published the results of their trials, and a report from Henley Business School last year found that over 250 companies in the UK were getting successful results from a version of the four-day week. Many more large organisations around the world are working with our not-for-profit 4 Day Week Global to establish their own version of this model.

Organisations that have decided the four-day week is not feasible for them may benefit from a review of their proposed approach; for example, the Wellcome Trust in the UK dropped its plans to trial the model out of concern that a Monday to Thursday work week would be too “operationally complex” to implement. My view is that closing the doors of an organisation for a day each week would indeed be too difficult to manage for many. For this reason (among others), my company’s four-day week maintains an approximately 80% head count in the office every weekday. When we were collaborating with the Wellcome Trust prior to their decision not to run a trial, we could see there were a number of issues they would need to overcome. A commitment to reduced working hours is not complicated, but it does require an ability to trust that an employee-led process can be successful.

Are we likely to see a widespread move to this model? We encourage companies who are trialling it to share their results and learnings. I predict that a productivity- and flexibility-focused model of work will become the norm among forward-thinking companies, and others will need to move to keep up and attract top talent. We are on the cusp of a change in the way we work; one that I believe has the potential to be as dramatic as the move to the modern working day following the Industrial Revolution. The four-day week will let us work less while being more productive, engaged and satisfied. And who knows what we will achieve in our extra free time. ■

UNRELIABLE NARRATIVES

Our dominant stories around poverty have to change; to start with, we need new narrators

by Mary O'Hara
 @maryohara1

In the UK and the US, two of the wealthiest yet most unequal nations on earth, the dominant narrative about poverty is still that it is the fault of the individual. According to this framing, and despite all evidence to the contrary, personal flaws or bad life decisions, rather than policy choices or economic inequality, are the true causes of poverty. People using food banks are doing so because they are mismanaging their finances. People who are finding it hard to survive paycheck to paycheck have simply not planned well enough. If only people worked harder, if only they were not content to be dependent on state 'handouts' and instead focused on pulling themselves up by their bootstraps, they too could find a good job, they too could 'make it'. So the story goes.

When I interviewed Chuck Collins, an American scholar of inequality, in 2019, he summed it up well: "The dominant narrative about poverty is the mirror image of the dominant narrative justifying great wealth. If I were to summarise it on a bumper sticker it would be: People are (economically) where they deserve to be." The framing is not unique to the US and UK, but the degree to which it is embraced in these countries arguably is.

Over many years the poorest among us – but especially those of working age in receipt of state assistance – have been routinely blamed and shamed for their predicament. People are labelled as either 'skivers' or 'strivers', 'makers' or 'takers', deserving or undeserving. The structural causes of poverty and inequality are routinely sidestepped in favour of a conceptualisation that personalises culpability. As Collins puts it: "The implication is, therefore, to fix poverty we must 'fix the individual' or fix the 'delivery mechanism' of access to education services. Without

these simplistic narratives, we would have to address the underlying systemic roots of inequality, including historical barriers to ownership, wealth, land."

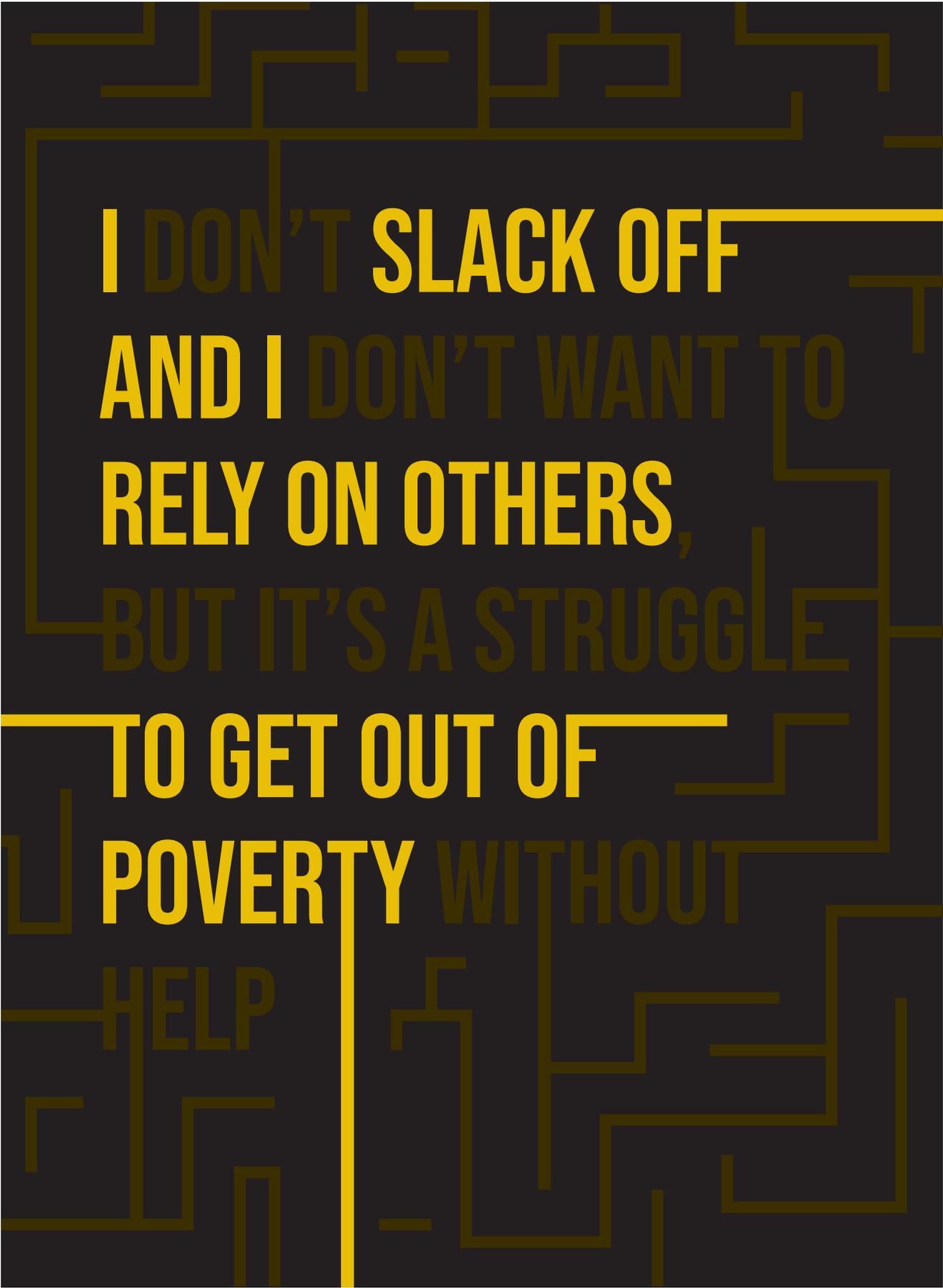
The narrative has strong antecedents. In the Victorian era, there was a commonly held belief that poorer people were 'idle'. Attitudes towards the poorest were embodied even earlier by the Poor Laws in England and Wales. These ushered in, among other things, the spread of workhouses.

Right now, at a time of high levels of poverty in the UK and US, the role of the story we are told about the poor is critically important. Research has shown that when poorer people are painted as undeserving of help, it reduces support for policies that might provide a cushion when times are tough. According to the Joseph Rowntree Foundation, some 14.3 million people are living in poverty in the UK, a sizeable proportion of whom are 'working poor' (people in work whose income falls below the poverty line), while child poverty is expected to reach a new high by the middle of this decade. In the US, the number of people in poverty is around 40 million, according to the UN, with tens of millions more hovering on or near the breadline. Many of these people rely on state assistance from time to time, yet, in both countries, governments have made cuts to social security benefits or made it more difficult to access help. And they have utilised the poverty narrative to justify these decisions.

A persistent narrative

The poverty narrative has proven to be extraordinarily resilient as well as potent in both countries. It endures despite the realities of low pay, insecure work, high housing costs, discrimination and insufficient social safety nets that plunge people into poverty and/or

Mary O'Hara is a journalist. Her book, *The Shame Game: Overturning the Toxic Poverty Narrative*, is published in February



I DON'T SLACK OFF
AND I DON'T WANT TO
RELY ON OTHERS,
BUT IT'S A STRUGGLE
TO GET OUT OF
POVERTY WITHOUT
HELP



“Without these simplistic narratives, we would have to address the underlying systemic roots of inequality”

keep them there. It persists despite soaring executive remuneration, tax avoidance and escalating inequality. It presents a huge barrier to building support for positive policy action.

The recurring use of denigrating political rhetoric and wider opprobrium towards poorer people via television programmes – such as *Benefits Street* in the UK – that epitomise the narrative has helped to further cement stereotypes. Research in the US has shown, for example, that the ‘welfare queen’ – who supposedly defrauds the system and was popularised by Ronald Reagan in the 1980s and by conservative media – has persisted despite a complete lack of evidence. In the UK, as the Centre for Welfare Reform has pointed out, despite the level of benefit fraud being minuscule (0.38%), the wider public tend to believe there are a huge number of people on the take. This can, in part, be attributed to a steady stream of tabloid headlines – straight from the poverty narrative playbook – about so-called benefits ‘fraudsters’ and ‘cheats’.

In his report following a fact-finding tour in the US in 2018, the UN Special Rapporteur on extreme poverty and human rights, Philip Alston, highlighted key aspects of the narrative. He commented that many of the politicians and political appointees he spoke with were completely convinced by the idea that welfare recipients were lazy or somehow scamming the system. When it came to a similar mission in the UK, his subsequent report stated that austerity

measures were taking place against a backdrop of the government’s “determination to change the value system to focus more on individual responsibility”.

The changing story

In the UK, austerity measures introduced in the wake of the global financial crisis of 2008 engendered a fresh incarnation of the poverty narrative. Austerity cuts, which needed a powerful political argument to be pushed through, showed how flexible and adaptable the narrative could be. Rhetoric was deployed to suit a specific set of goals; in this case, huge cuts to benefits and public services. As the mantra that cuts were necessary was repeated, the pejoratives ‘scrounger’ and ‘skiver’ were popularised, and the notion of the poor as a ‘moral hazard’ was deployed. This made it easier for the wider population to accept the cuts.

A typical example of the narrative in action was then Prime Minister David Cameron’s response to the 2011 London riots. Referencing so-called “troubled families”, he referred to people with a “twisted moral code”. And in a separate speech, he said: “You can pump more cash into chaotic homes, but if the parents are still neglectful, the kids are still playing truant, they’re going to stay poor.”

In 2012 and 2013, when I travelled across the UK interviewing people on the frontline as austerity measures were being rolled out (including people in foodbanks and workers in benefits advice centres),

one of the most striking things was people repeating – often word for word – government rhetoric. For example, the economically unfounded claim that the previous Labour government had maxed out the country’s credit card, and the mantras ‘we all have to tighten our belts’ and ‘we’re all in this together’ were mentioned repeatedly without any prompting. The New Economics Foundation concluded at the time that the economic narrative around austerity had been developed into a powerful political story. Easy to follow, with heroes and villains and told through simple, emotive language, helped by constant repetition, it had gained traction across the country.

Overturning the narrative

If the structural causes of poverty are to be addressed, a central tenet must be overturning the dominant poverty narrative. It may be powerful but, as with poverty itself, it is not inevitable. In 2018, I launched a multi-platform initiative with the aim of achieving this goal in the UK and the US: Project Twist-It. This focuses on elevating the stories and insights of people with lived experience of poverty – voices that are too often overlooked – as a counter to the misconceptions and stereotypes that have proliferated. It also aims to highlight the structural causes of poverty and the impediments to escaping it, while building a network, including academics and activists, of people interested in overturning the stigma associated with poverty.

In the course of developing Project Twist-It, I found that people were already organising in the US and UK to challenge the narrative head on. I encountered individuals, grassroots organisations and broader anti-poverty movements that were all working towards this aim. Many people were anxious to speak up and tell stories. Some, like myself, experienced childhood poverty and were lucky enough to escape it, while others were currently experiencing financial hardship.

In the US, the Poor People’s Campaign: A National Call For Moral Revival, is one such example. Modelled on the Reverend Martin Luther King Jr’s campaign of the same name 50 years earlier, the movement places people with lived experience of poverty at the core of its actions. People talk first-hand about the reality of being poor, and fight for better policies to tackle poverty through protest and other public action, but they are also exposing the misconceptions of the dominant narrative. In addition, groups like Fight for \$15 are winning demonstrative victories around the country on issues such as minimum wage levels.

At the other end of the scale, there is the organisation Patriotic Millionaires, a group of wealthy Americans actively campaigning to be taxed more, and advocating for fairer wages for workers. Abigail Disney, one of

the most prominent group members, made waves when she challenged the narrative that the rich deserve their wealth, pointing to soaring executive pay while workers were barely making ends meet.

In the UK too, organisations and individuals have been working to shift perceptions around poverty and poorer people. One example is Poverty Truth Commissions. The poverty truth model starts from the premise that people with lived experience of poverty (called commissioners) should be at the heart of local decision-making. The movement is evidence of a grassroots and growing aspiration to systematically push change from below.

The people with lived experience of poverty who contributed to Project Twist-It, including children and young people, spoke of the impact of poverty stigma and why they felt fighting the narrative was vital if support for policies to tackle poverty were to garner widespread support. It will not be easy to upend a narrative with such deep roots and which is propped up by many in the media and politics. However, as the writer Kerry Hudson, who grew up in poverty, put it to Project Twist-It: “There are many, many ways this narrative is perpetuated, and I think we all have a role in interrogating those lazy stereotypes.” ■

RSA Fellowship in action

Farming Data

Jacqui Poon FRSA has long been interested in the issue of food security, and it was while exploring new ideas around the issue that the idea of Farming Data was born. She realised that the widespread focus on better crops and yields was not taking into account that there is no real incentive for smallholder farmers to adopt such practices, as they can be costly. Farming Data, which was awarded a £2,000 RSA Catalyst Seed Grant, is an integrated digital platform that helps to give smallholder farmers greater market access and knowledge so that they can get premium prices for their produce. Farming Data connects buyers and sellers and lets users review one another; crucially, it gives farmers greater choice through an easy-to-use interface.

The Seed Grant will be used to conduct field research, engaging with 1,000 farmers in Colombia to monitor technology adoption and changes to household income. The app is particularly popular among younger farmers, who see it as a great way to be more innovative. By helping to give farmers a more secure income, Farming Data empowers them to continue their farming and enrich their communities.

■ To find out more about Farming Data, contact Jacqui on info@farmingdata.io or visit <https://farmingdata.io>

COULD IGNORANCE BE BLISS?

Remaining uninformed seems to have become a badge of honour for many; but it could be that there are upsides to being oblivious

by Renata Salecl

In the early 20th century, American anthropologist Paul Radin studied the Winnebago tribe of Native Americans, which consisted of two moieties living in the same village. Radin was surprised to observe that these two kinship groups described the structure of the village in very different ways. When he asked his informants to draw their settlement, the members of one group presented the village plan showing houses positioned in a circle, whereas the second group drew the houses in a diametrical way, with an imaginary divide between the two moieties crossing the layout of the village.

When Belgian-French anthropologist Claude Lévi-Strauss analysed these drawings, he reasoned that the key question was not what the actual plan of the village was, but instead why the two groups perceived the reality so differently. He said that the difference in perception needed to be understood in the context of the complex relationships that existed between the two groups. Members of the groups tried to conceptualise this complexity according to their position in the social structure. Even more importantly, depending on their particular perception of what their village looked like, each moiety was able to regard itself and the other moiety as either central or peripheral, and to retain their status.

Today, it seems that we are living in a world that is observed radically differently by people who live in the same place. In the US, the Republicans and the Democrats see their own country, as well as the world, in opposing ways. In the UK, supporters of Brexit and its opponents paint an image of their country as if they live poles apart. In Australia, it is as if the government,

together with other corporate climate change deniers, does not see the reality of the devastation that massive fires have brought to the country.

Information overload

Although negation, denial and ignorance are nothing new, they seem to be in overdrive at a time when information has never been easier to obtain. The massive amount of information that is available to us has, however, contributed to tunnel vision, information bias and bubbles. These amplify people's discord about what their social reality looks like, what counts as fact and what is scientifically proven knowledge.

The development of genetics, neuroscience and big data has changed our perception of what can be known about the individual. Big data, in particular, has opened up new types of anxieties. It is hard to comprehend such a huge amount of data and to process issues around who has access to it and how it might be manipulated. With the emergence of new types of data in the domain of medicine, the question 'to know or not to know?' becomes of vital importance for the individual.

In the second half of the 20th century, French philosopher Michel Foucault wrote at length about the interrelation between power and knowledge; today, the link between power and ignorance demands our attention. We are increasingly dealing with what sociologist Linsey McGoey calls "strategic ignorance", where those in power intentionally play with keeping people in the dark. A particular kind of ignorance is also embedded in the so-called knowledge economy. Joanne Roberts and John Armitage, scholars in the

Renata Salecl is a philosopher, sociologist and legal theorist. Her latest book, *A Passion for Ignorance: What We Choose Not to Know and Why*, is out later this year



Image by Dreamstime

domain of management studies, have rightly renamed this as the “ignorance economy”, since it relies on so many strategies that limit access to knowledge, from patents and copyright to opacity regarding big data.

If one throws into the mix of these power-related strategies of ignorance the problem of individuals who are, in our highly unequal society, struggling for status and recognition, the question becomes not only what people take as truth, but whether they care about truth at all. In the most recent edition of *RSA Journal*, Michael Bang Petersen presented the research he and colleagues had conducted into people who use the internet to spread fake news, conspiracy theories or politically motivated attacks. Interviews with these people revealed that they did not believe the stories they were sharing were true. What mattered to them was provoking anger, with some respondents saying that they enjoyed the chaos they created. The researchers reasoned that this need for chaos is, for some, linked to the loss of status, the feeling of being left out in our highly unequal society.

Ignorance is bliss?

In my forthcoming book, *A Passion for Ignorance*, I look at the connection between two different meanings of ignorance. One is related to lack of knowledge, or, in some cases, the lack of desire to know. The second meaning involves people’s relationships with one another; for example, when we ignore and do not want to notice a certain behaviour or a person, or feel that others do not notice us. Both meanings involve people’s passions.

Psychoanalysis has, from its beginnings, looked at our troubled relationship with knowledge. French psychoanalyst Jacques Lacan coined the term “passion for ignorance” to describe the way his patients seemed to do everything they could to avoid acknowledging the causes of their suffering, even though most – if not all – of them came to him claiming that they wanted to know what lay behind their pain.

Passions are also involved with the meaning of ignorance in its intersubjective dimension; as a strategy of ignoring, not acknowledging. All kinds of negative emotions might be stirred when we feel ignored or when we actively ignore others. The people who share conspiracy theories which they do not think are true might very well feel ignored in their lives, or hope to gain recognition through their actions.

Ignorance is also an essential element of more positive passions, such as love. We all know the saying that ‘love is blind’. When we elevate someone to be the object of our affection, we are aware that we are, to a certain degree, glossing over their less attractive aspects. Love, however, is not blind simply because

of the fog-like fantasy that we create around the person with whom we are falling in love. Ignorance, or blindness, is at the very core of emotions that love invokes, including seeing in the other a quality that they do not in reality have.

Cognitive inertia

People have always found ways to close their eyes and ignore, deny or negate information that they find traumatic. What has changed in our ‘post-truth’ times is the rise of cognitive inertia; an increase in indifference concerning questions related to truth and lies. This turn to indifference is linked to an inability to know, rather than a simple lack of willingness to learn. Social media and the vast potential for manipulation that exists online contribute to this inability to know. Even more importantly, there has been a change in the perception of subjectivity. As I tried to show in my previous book, *The Tyranny of Choice*, neoliberal ideology has contributed to the anxieties people face as they try to deal with demands such as ‘be yourself’, or ‘love yourself first’. No matter how hard we try to rationally figure out who we are and what we desire, our unconscious (as well as social pressures) easily undermines our efforts to follow these slogans. At the same time, taking them seriously can contribute to indifference and ignorance towards others.

Confucius said that real knowledge pertains to knowing the extent of one’s ignorance. Thomas Jefferson continued this line of thought, saying: “He who knows best knows how little he knows.” One simply cannot imagine today’s politicians making such an admission. In former socialist countries, political leaders always reminded pupils that they needed to study hard. Both Lenin and Tito were known for finishing their speeches to students with the slogan: “You have to learn, learn, learn.” Few current world leaders would praise knowledge so highly as to make a slogan out of it. Instead, some take pride in how little they know. Paradoxically, being ignorant in the present day and age is something one can become famous for. For Donald Trump, for instance, ignorance is an asset; many of his supporters identify with him in his lack of knowledge and lack of shame about it.

In our daily lives, ignorance might be life-saving, in that it can help us to deal with traumatic knowledge that we cannot easily comprehend. However, when ignorance is cherished as an ideal among those in power, or when denial becomes embraced as a strategy so as not to acknowledge devastating realities such as climate change, ignorance becomes a political factor, and ceases to be bliss. ■

CAN THE PENSION SYSTEM BE FIXED?

The UK pension system used to be world leading, but it has a long way to go before it reclaims that title

by David Pitt-Watson and Hari Mann

Most of us face what is known as a ‘longevity risk’; we do not know how much longer we will live. This means, if we save individually, we need to set aside a lot if we are to have a reliable pension. A well-designed pension system allows people to share this risk and – a generation ago – the UK system worked to this logic; while there was no ‘promise’ associated with your pension, with appropriate governance and expertise, expectations were generally met. The system was the envy of the world.

Today, few are jealous of our system. What went wrong? In the 1980s, many pension plans looked to be ‘overfunded’ and employers requested that they should have a ‘pension fund holiday’, where they no longer contributed. Although concerned, trustees agreed, as long as employers guaranteed paying out. Successive legislation then insisted that all collective pensions must be guaranteed; Defined Benefit plans were born.

These guarantees sounded great. But, as life expectancy rose, and returns fell, there was no longer enough in the pension plan to meet the promises made. Defined Benefit schemes were closed, and replaced by Defined Contribution plans, individual savings accounts that had to be used to buy an annuity (an income for life) when the employee retired.

But again, the best laid plans went wrong. As interest rates fell, annuities became very expensive and, in 2015, the government decided that pension savings no longer needed to be used to buy pensions.

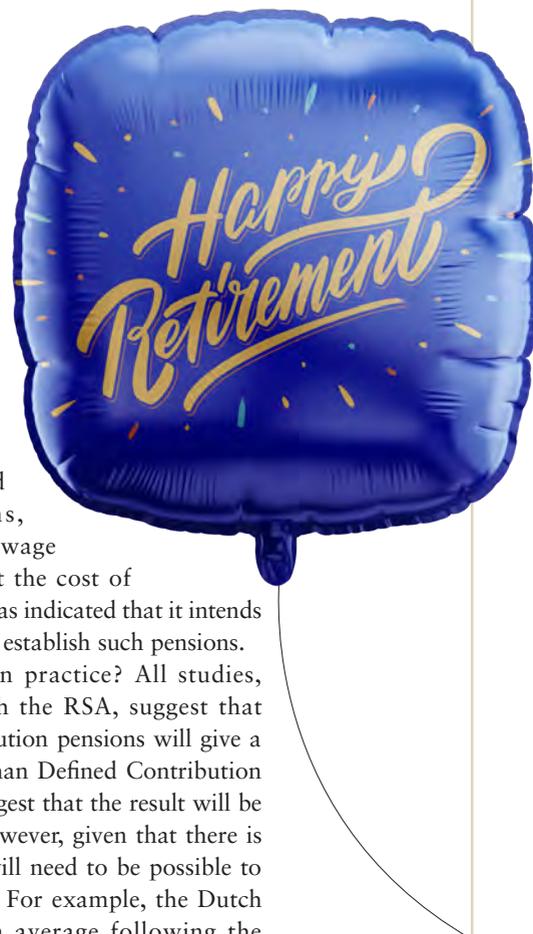
The good news is that things are changing, with the potential of making British pensions great again. Over the past decade, the RSA Tomorrow’s Investor project has played an important role in this shift. A

central conclusion of this work was the need to create ‘Collective Defined Contribution’ pensions, with the aim of giving a wage in retirement, but without the cost of annuities; the government has indicated that it intends to allow large employers to establish such pensions.

What does this mean in practice? All studies, including those done with the RSA, suggest that Collective Defined Contribution pensions will give a more predictable payout than Defined Contribution plus annuity. They also suggest that the result will be a 30% higher pension. However, given that there is no ‘promise’ involved, it will need to be possible to vary pensions-in-payment. For example, the Dutch reduced theirs by 2% on average following the financial crisis.

But for this to work, proper safeguards are needed. The government needs to ensure that pensions are always managed in the interests of the beneficiary, that what is expected is fairly delivered (not benefiting one age group over another) and that their nature is well communicated, particularly the absence of a ‘promise’. Money needs to be well invested and the structure needs to fit with other pension solutions; the scheme will not be for everyone, but will be a solution for many whose Defined Benefit schemes have closed.

This change will take some time, but the opportunity is huge. Some 6.5% of GNP is set aside every year to pay for private pensions and £3trn is invested. Imagine if this was able to be 30% more productive. But the biggest upside will be pensions that truly fulfil their purpose: an income in retirement. ■



David Pitt-Watson is a Fellow of the Judge Business School at the University of Cambridge and Hari Mann is a Professor at Ashridge Business School

THE PACE OF PEACE

Brexit has put many constitutional issues under the spotlight; none more so than the status of Northern Ireland

by Duncan Morrow
 @duncan_morrow

Northern Ireland was born in contention, and has known only fleeting moments without it. The existential dispute over the 1920 settlement was embedded in politics, employment, residence, school and friendship, in sporting preferences, and in violence. The 30-year eruption of violence after 1969, euphemistically called ‘the Troubles’, only reinforced division, tragedy and hostility.

Against this, the Belfast, or Good Friday, Agreement of 1998 (its name is still disputed) always had something of the quality of a miracle; although, in the 20 years since, fragility more than miracle has been its hallmark. While it has certainly reduced violence dramatically and established power-sharing, Northern Ireland politics has since progressed unsteadily through one threat of collapse after another. But, with the immediate threat of the Troubles over, the view from London and Dublin was that Northern Ireland was mostly a minor (if expensive) irritant that could be safely ignored.

Perhaps this complacency accounts for the failure to fully anticipate the risk that the referendum on EU membership posed to Northern Ireland, or that Northern Ireland posed to Brexit. Certainly, Brexit revealed that the British population had not fully internalised that the Agreement of 1998 changed not only Ireland, but also the UK. Even MPs failed to anticipate (or care?) that the UK’s only land border with Europe – and all its contentious history – would be back in play if the country voted to leave the EU.

A corruption crisis, followed by sectarian polarisation, did for the Belfast Executive before the implications of the referendum had fully crystallised. But in the context of Brexit, it proved impossible to breathe life back into the Executive for three years. Sinn Fein gains in Assembly elections in March 2017 were followed by a swing to the Democratic Unionist Party (DUP) in the June 2017 UK general election, handing the DUP the balance of power in Westminster.

Officially, the Agreement was intact; in practice, its main operating institutions were in suspended animation. Divisions over borders and sovereignty, from which the Agreement and EU membership had removed most of the sting, re-opened with a new vitality. The EU, previously an advocate and context for cooperation, was now a party to the dispute.

The winds of change

All sorts of old assumptions no longer seem so certain. Catholic voters – soon to be a majority in Northern Ireland – united to oppose Brexit. ‘Civic nationalists’ in Northern Ireland have campaigned to demand the Irish government prepare a case and a proposal for unity. Sinn Fein calls regularly for a border poll.

Many younger Protestants, and those in the suburbs, voted as Remainers. Opinion polls after 2016 have indicated that a democratic majority in Northern Ireland for a united Ireland has become numerically plausible for the first time since 1920, if not yet likely. Polls in Great Britain have suggested that a majority

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Image from iStock



of English Brexiteers see losing Northern Ireland as a price worth paying for a clean Brexit.

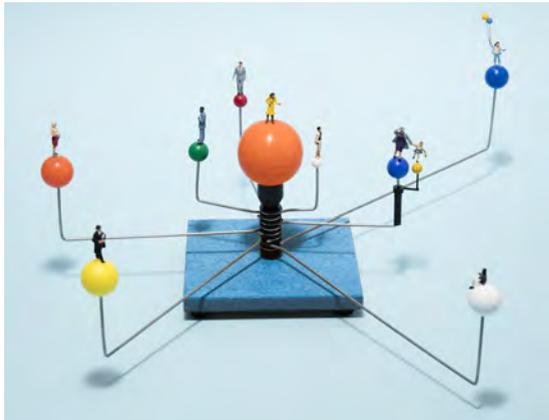
But there are contrary voices. Unionism has loudly denied Brexit has raised any constitutional question at all, and has so far refused to enter the debate for fear that engagement might be taken as encouragement. But there is no disguising the increasing alarm that reunification has entered public discourse. There have been stirrings in the undergrowth of loyalism, and grim warnings of the violent consequences of any attempts at change. But, above all, the Irish political establishment, aware that there has been no significant preparation for the huge cultural, political, security or economic disruption that a sudden all-Ireland state would inevitably bring, has made haste to dampen expectations and to prevent any automatic transition from Brexit to Irish unity. Irish insistence on continuing free-flowing trade within Ireland after Brexit as the *sine qua non* for a Withdrawal Agreement seemed to many to be largely designed to prevent radicalisation over sovereignty.

Despite a three-year vacuum and rampant speculation, the good news from Northern Ireland is that there is almost no appetite for or belief in violence as a solution. Northern Irish politics, which once seemed interminably slow, eventually moved with almost indecent speed. The brutality of the Johnson government's abandonment of its DUP allies shocked even those who had predicted it. Westminster, Dublin and the 26 other EU capitals agreed that Northern

Ireland would remain in the effective orbit of the EU and the Single Market. An unmanageable hard border in the Irish Sea. The greater the distance that emerges between the UK and the EU, the deeper the regulatory divide between Great Britain and Northern Ireland.

Unionism emerged from the most recent general election with fewer seats than nationalism for the first time. However, the big winners were not Sinn Féin, but the Social Democratic and Labour Party and the inter-community Alliance Party. Both championed no Brexit above Irish unity. Both made clear that maintaining the fragile peace in Northern Ireland was critical before considering constitutional change. Even nationalists set on a border referendum acknowledged that a Brexit-style aspirational vote without operational plan would be disastrous for stability and trust.

As 2020 began, forming an Executive seemed less threatening for the larger parties than an election. But amid general relief that an Executive finally existed once more, there was uncertainty about what a divided Executive would or could do to negotiate Brexit. A change in the Irish government seems imminent (with opinion polls showing Sinn Féin to be in pole position), the nature of the eventual Brexit deal remains unknowable and the consequences of Scottish constitutional uncertainty unresolved. What is currently moving at a gradual pace could change suddenly. Meanwhile, Northern Ireland waits, wonders and worries. ■



INDIGENOUS VALUES

In New Zealand, *tikanga* (Maori principles) is informing new ways of investing that aim to have a meaningful effect on both people and place

by Ian Short and Philipa Duthie

🐦 @theRSA_ANZ

The Maori *whakatauki* (proverb), *Na to rourou, na taku rourou ka ora ai te iwi* (with what you contribute and what I contribute, our people will prosper), is the guiding principle behind Transforming Taitokerau for Good, an *Iwi* (tribe)-led collective using impact investment to build the economic capacity of Maori in the northernmost region of New Zealand.

Led by New Zealand Fellow Rangimarie Price, the programme uses indigenous thinking and values to guide investment towards projects that will deliver long-term systemic change for the people of Taitokerau, in an effort to transform the local Maori economy.

Tikanga – the Maori way of doing things – informs all aspects of the programme, taking into account social and generational responsibilities, and supporting a relationship of reciprocity and respect between people and the natural world.

Like many regions in New Zealand, Taitokerau has struggled to overcome the lingering effects of colonisation. Massive disparities in economic and social wellbeing exist between Maori and non-Maori, which it will take many generations to resolve unless new approaches are found.

In her work with Taitokerau Iwi, Price realised that building Maori capacity was essential to addressing the complex social issues she saw in local communities. “Our research showed that, compared to *Pakeha* (New Zealanders of European descent), Taitokerau Maori are part of a developing economy that sits within a developed economy. Developing economies need policy and investment responses to

be tailored to meet their complex needs, and to date that hasn’t happened with sufficient precision to get the required cut through.”

Price argues that for transformation to occur, Maoris need to take charge and create something that has deep impact and is authentically connected to who they are. With NZ\$180m-worth of projects in the pipeline, Transforming Taitokerau for Good is building the structures and the local capacity that will transform the region. Projects include carbon-financed reforestation of erosion-prone land, regenerative agriculture and affordable housing. The collective is based on four underlying principles.

The first is that it is ‘by Maori and for Maori’, moving away from Maori being only beneficiaries and end-users. Non-Maori, such as investors, philanthropy and the government, are invited to the table when they have shown that they accept and understand the four principles. The second is that the primary focus is investment-based, not grant-based. The third is that this investment needs to deliver measurable and meaningful impact. The fourth, which is the principle that moves the dial from simply a good project to systemic change, is that *tikanga* drives everything.

By incorporating Maori cultural values and practices into the Transforming Taitokerau business model, Price and her team have developed a new approach to impact investing, one that is place based, culturally relevant and able to deliver systems change. Their programme showcases how indigenous values can be applied at scale to create new progressive business models that deliver for people and planet. ■

Ian Short is a member of the RSA Oceania board of trustees. Philipa Duthie is director of RSA Oceania

Photography by Franck Allais

FLIPPING YOUTH

With the RSA's help, one Fellow has successfully fundraised to help with the creation of a skatepark and youth centre in Jamaica

by William Willson

🐦 @FlippingYouth



Skateboarding has been growing in stature over the past few years and has become increasingly professionalised. Nowhere is this better exemplified than in the recent announcement that it is now an Olympic sport.

I have been convinced of the possibilities of skateboarding since spending my teenage years immersed in the culture. I went on to work as a gang specialist in the Met Police for a decade before deciding to combine my passions and use skateboarding as a tool to divert young people away from violent gangs. The counter-culture associated with skateboarding provides grittiness that mainstream sports often lack. It offers a sense of belonging and identity, qualities young people are often seeking when they find themselves involved with gangs. During a sabbatical, I founded Flipping Youth, a charity that aims to empower young people internationally through sports and the arts.

The skateboarding scene in Kingston, Jamaica has been steadily growing over the past decade. In order to provide a professional, sustainable facility for skateboarders, local and international organisations, including Flipping Youth, teamed up to campaign for the Freedom Skatepark, a 10,000 sq ft concrete skatepark with integrated youth centre.

I became involved with the project after learning of the senseless death of Andre 'Wildfiah' Thompson, an inspirational young man who was passionate about the ability of the creative arts to catalyse social development. Just days after taking part in a documentary aimed at paving the way for Jamaica's first skatepark, Andre was stabbed to death in his neighbourhood. I wanted to ensure that something positive would come out of this.

I turned to the RSA for help, which proved to be a fantastic partnership. It has provided a platform for our Kickstarter crowdfunding campaign. After a successful launch event in Rawthmells Coffeehouse in London, including a screening and presentation on The Steps, we were able to deliver an engaging talk, secure donations and network with influential Fellows who provided invaluable guidance. Within 30 days, we managed to reach our £35,000 target. Working with the RSA helped to give the project authenticity, and we were able to draw on the expertise and insights of the Fellowship team and Fellows.

The skatepark will operate Concrete Jungle Foundation's Edu-Skate programme. This helps children who grow up in underprivileged circumstances to develop skills through skateboarding. The youth centre will focus on entrepreneurship, offering opportunities for members of the skate community to learn about skatepark construction, daily operations and events development, and to teach skate workshops. Construction is scheduled to begin in February 2020 with the hope of opening in April. ■

Top tips

- Use the 'Find a Fellow' function on the RSA website and look for support from people with similar interests
- It's important to gain early momentum, so try to establish a network of people willing to pledge prior to your launch
- Be prepared to switch up your tactics if you hit a slow period

William Willson works as an International Programmes Manager at Prince's Trust International and runs the charity Flipping Youth



Modern technology means we can sign up to an increasing number of services. But is that what we really want?

by Alison Spittle

🐦 @AlisonSpittle

In retrospect, YouTube played the long game with me. It started with a small box appearing at the bottom of my screen. “Would you like to listen to videos on the move? Do you want to be free of the tyranny of adverts? Pay me.”

I laughed. “Oh poor naive YouTube, why would I pay for something that gives me as much joy as reading the back of a shampoo bottle?” YouTube took my rejection well, but it continued to check in on me, like an old bachelor watching his beloved’s options dwindle.

Two years later, and following a month-long cold, my viewing habits changed. My attention span was destroyed, my defences were down. I was no longer able to consume another 12-hour Netflix documentary on a miscarriage of justice.

I needed something shorter, more wholesome. I needed Bon Appétit test kitchen videos.

In this series, a charming lady from New York, Claire, gets mildly stressed at various culinary challenges, such as recreating a Twix bar, while her Brooklynite workmates encourage her. Lemsip for the soul.

But as I attempted to assuage my physical and mental suffering, I was unable to get the uninterrupted relief I craved. A 20-minute video contained five adverts. As Claire’s brow moistened at the idea of tempering chocolate, bang! An advert about laser hair removal assaulted my senses. She began to boil the caramel, but my viewing was disrupted by an advert exhorting me to learn how to become mindful. YouTube knew I was hooked. It was turning the screw, and this time I

was powerless to resist. Was I willing to pay £12 per month to view, without interruptions, every channel I desired?

Ashamedly, yes. It started small, a month’s free trial, but it did not stop there. I avidly followed Geoff and Vicki round every railway station in the UK, and I could not get enough of Philip Solo investigating the worst-reviewed massage parlour in Edmonton, Canada. This is the person I am, these are my base desires. I am disgusted at myself, and I am paying for the privilege.

And it is not the only online subscription I pay for. I have Netflix, Spotify, PlayStation Plus and Calm app.

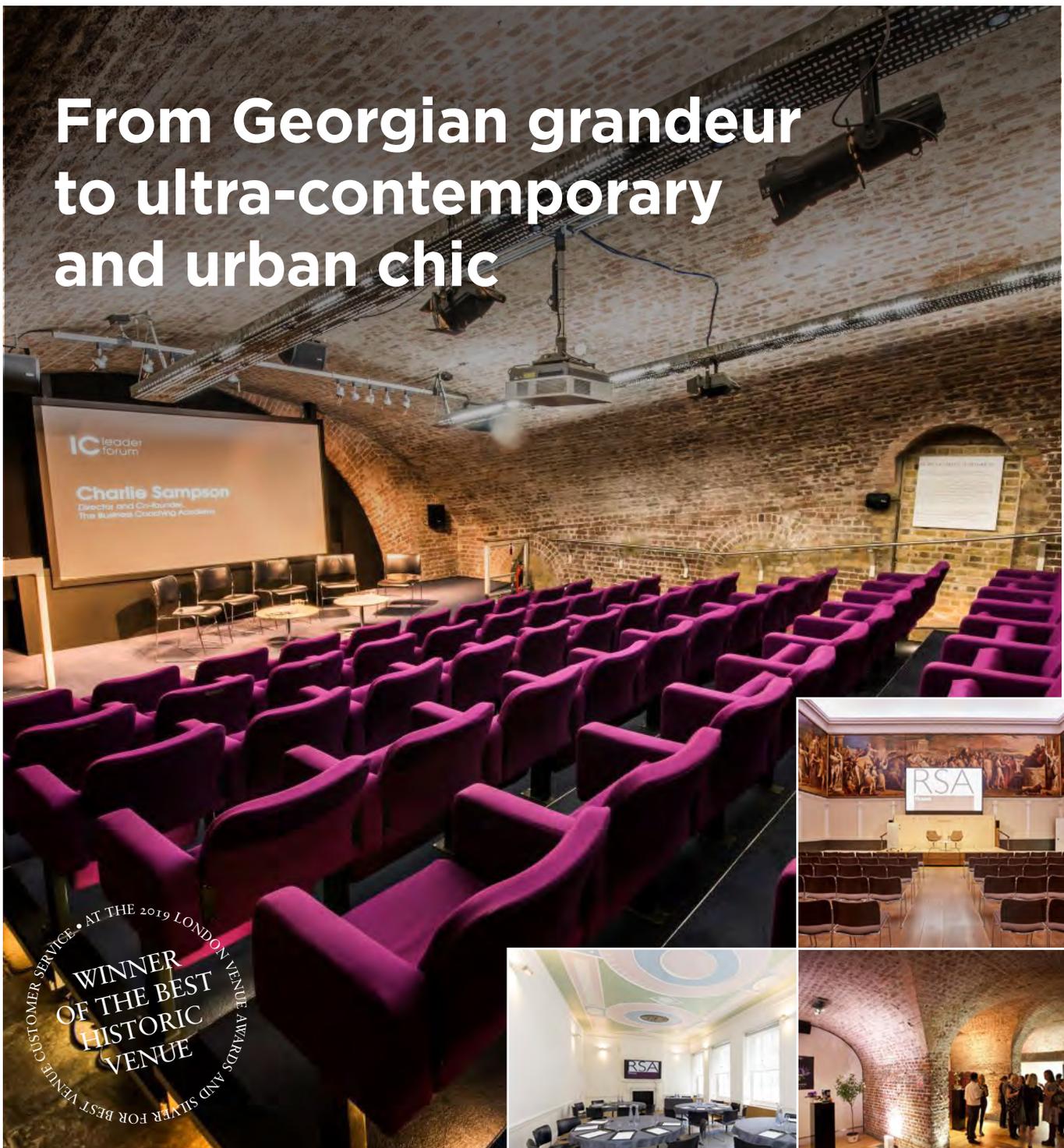
I liken my relationship with online subscriptions to my relationship with Maldon Sea Salt Flakes. My life was fine with just table salt before; but this is because I was ignorant of the glory of high-quality salt. Once I had a taste of the high life, there was no going back.

I started to think about which subscriptions gave me joy. To be honest, none of them. What gives me joy is the music, the videos, the podcasts; the content. So this year, I want to give my money to the content-makers instead of just paying for access to their host platforms. By giving money directly to these people, at least my subscription addiction will benefit an individual. These people’s time is worth my money, and their content is worth my time.

But right now? These monthly payments, small individually, have snowballed. Something has to give. I need to Marie Kondo my online subscriptions. Maybe there is a service I can subscribe to? ■

Alison Spittle is a comedian, comedy writer, radio producer and host of the podcast *The Captain*

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