

ACADEMY of SOCIAL SCIENCES

Forging a “We Society”’: How the Social Sciences can shape Britain’s future

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Lecture transcript

1979 and 1980 were fateful years. The twin elections of Lady Thatcher in Britain and Ronald Reagan in the US would bring the curtain down on the pre and post war social settlements in both countries. The relaunch of the economies and accompanying expression of social solidarities that had defined the US New Deal and Attlee’s embrace of the welfare state and Keynesian economics were intellectually discarded by a resurgent new right. The new emphasis should not be on attempts to make the ‘we’ live through a social deal between the classes and between capital and labour engineered by a pro-active state: the master of the new universe was to be the ‘I’. The state accused of a natural proclivity to coercion should be shrunk; public direction of the economy should give way to the operation of private markets that could be relied upon to deliver the best outcomes – and only did not because of perverse incentives or always misconceived state regulation. Inflation would be conquered not by price and income policies, but rather by controlling the supply of money for which the precondition was a much-reduced state. Organised labour was to be undermined; taxation reduced; public assets privatised; transfer payments to the less well-off that allegedly encouraged dependency curbed. Exit a ‘We Society’; enter an ‘I society’ in which individual agency, individual ambition, self-responsibility and self-reliance were seen as means not only to economic prosperity but social harmony and a moral order. Giving self-interest its free reign, after all, was only to recognise human nature.

45 years on the failures are obvious. In Britain the post war settlement and union power did not need to be eliminated – they needed reform. It turns out that capitalism does not self-organise to best outcomes as was promised, and that human nature is more multi-faced than simple injunctions to self-interest and the benefits of selfishness. We also want to express solidarities and fellowship. Britain reels from capital mistake overlaid on capital mistake originating in trying to apply the philosophy – monetarism, financial deregulation, austerity, Brexit and the Truss budget with second order mistakes – contractualising the NHS, not respecting the need for utilities, even in private ownership, to put the common good before profit – completing the baleful picture.

In reality capitalism needs guide rails, pro-active management and mechanisms to offload and share risk – whether for workforces or companies. Offering workers voice and mechanisms of engagement in their organisations is good both for them and the organisation, together with a social floor – an income safety net, decent affordable housing, good public transport, access to health and social care, the chance to be educated and trained – to underwrite their lives and through which they do not fall when for no fault of their own the hazards of life overwhelm them. Capitalist firms have only limited appetite for risk – without frameworks that share that risk with wider society they tend to invest and innovate less. Or they try to reduce risk by building monopolies or exploiting consumers and workers – or all three. Capitalism, far from producing successive equilibrium outcomes, veers from

boom to slump, prolonged periods of stagnation, monopoly and generates such inequalities that it threatens its own legitimacy. The claims of the new right intellectuals have been confounded.

But that failure goes beyond the economy. The Me society has begun to undermine not just economic growth, stability and even damage economic dynamism, but wider structures and values. The innate human tendency to look out for each other still remains, but it is more qualified. Social psychologists observe that the rich tend to egoistical behaviours – crossing red traffic lights more or not observing speed limits. But 45 years of being told that government is malevolent and collective action self-defeating has created all kinds of parallel malevolent cultural fall-out – a growing distrust of vaccination, willingness to take children out of school in term time to go on holiday, tailgating and lane-shifting on motorways. Worse, growing inequality, insecurity and stagnating living standards have imparted in all western societies a fear of the other and not so much hostility but hatred of immigrants; they threaten to take away what little people at the bottom or near the bottom have.

In this soil right wing populism grows – make America, Italy, Austria, Holland, France, and Germany great again. It partly inspired Brexit. The leaning into social democratic values after the conflagration of world war two that underpinned the institutions of the liberal global international order – openness to trade and respect for international trade rules, willingness to collaborate to contain the contagion effects of malfunctioning financial markets, the provenance of the world health organisation, humanitarian aid, acceptance of universal human rights including the rights of asylum seekers, the law of the sea and of space - are being gnawed away at. Mid west voters, British Brexiters, Marine le Pen's Rassemblement pour la République, Germany's AfD are all asserting the primacy of their nation and their superior identity over others. A new world of identarian politics is being born, with anti-immigration and hatred of the foreign other at its heart: we know where that movie has led in the past – protectionism, international breakdown, forms of racism and even war. So far just enough of the old social settlement is holding along with acceptance of the value of international order -but the trends are ominous. The argument of this lecture is that the 'we' needs to be urgently reasserted to head off those dangers and relaunch growth, prosperity and peace – and that social science has a critical role to play in that reassertion.

But before I discuss how that can and should be done, a caution. I want to acknowledge that the right wing counter-revolutionaries as they liked to characterise themselves in the 1970s and 80s made some telling points. Market capitalism, private companies, private property, the pursuit of profit and open markets offer a fecund system. Crucially because liberal capitalism operates best as an open system, it cannot exclude the introduction of new ideas and the competition and structural challenge to incumbents that involves: the very plurality of companies means it has an embedded propensity to innovate and experiment at the technological frontier. And while it has no innate proclivity to arrive at any equilibrium, it does have a capacity to survive the failure of some ideas even while others are pursued that work. Pluralism and the experimentation that accompanies it are two of its great virtues.

A third is that there can be no denying that every individual alive wants to exercise agency in their lives, and to quest for the best for themselves and those they love. We want to exercise responsibility, express ambition and to build – a family, a career, a company, a charity, friendships and relationships. We want as Aristotle once put it, to act on the world using whatever gifts the gods gave us to make it in some way better. That is what ultimately imparts purpose and happiness. We need to be free to pursue our own purpose and what we as individuals choose to value, and not be regimented or boxed into choices. Capitalism

is in this sense is congruent with important freedoms and prospers best when those are allowed.

My conception of – and argument for – the ‘We Society’ assimilates these insights while standing its ground on the imperative of addressing capitalism’s economic and social imperfections. Thus, the concept of the ‘We Society’ in which there is a floor below which no-one can fall informed by an ethic of fellowship – or if you prefer socialism – in which we mutually look out for each other, have each other’s back, and collaborate in a spirit of mutuality. Equally ladders of opportunity must be organised up which every individual, exercising agency and drive for self-betterment and self-actualisation, is equipped to climb to live a life they have reason to value – to echo Amartya Sen. But crucially this individualism is framed – whether of private individuals or firms – by recognition of obligations to the social whole including the environment – and the whole reciprocally acknowledging obligations back. Individuals climb within a purposeful, stakeholder capitalism whose biases are organised to make profit optimisation serve the common good – but preserving the plural runners and riders that drive innovation and experimentation. This is new or progressive liberalism. And everything is animated and made to happen by an agile democratic, pro-investment, pro-social floor, pro-opportunity state. Capitalism will not deliver these results by itself – hence the need for public action

But I continue to argue – especially in the Autumn of 2024 one hundred years after John Maynard Keynes opened his lifelong – and successful if only for a generation – assault on free market, lionising-the-individual thinking in his famous lecture the End of Laissez Faire – that attempts to claim that capitalism has self-organising and self-regulating propensities are just wrong. As he said then, markets, however perfectly organised, cannot deal with the reality that there are inevitable uncertainties about the future – unknown unknowns – that are not capable of rational assessment, making market economies characterised by spells of too much hope and too much despair. Worse, there are huge differences in the speed and capacity of key markets – the market for labour, the market for savings and the market for investment goods – to adjust to price signals – workers necessarily can only respond more slowly than financial markets. Consequently, the capitalist economy has no propensity to self-organise to best outcomes. Nor does it have an innate propensity to invest and innovate as much as society may need. Left to itself it generates booms, busts, monopoly and rank exploitation. As Keynes said the injunctions of free market, laissez-faire thinking – which seemed to work in the unique conditions in Britain between 1750 and 1850 – were not true for all times and places. But it hardened into an ideology – a faith system – that allowed government, business, finance and even the church to abdicate responsibilities for the welfare of the whole, falsely confident that the invisible hand of the market will do the job on their behalf. In fact, it needs permanently proactive management.

Keynes was of course an economist, and as such he was one of our most pre-eminent social scientists – following a tradition that had begun in the middle of the eighteenth century when the Enlightenment was born and the turmoil of the Industrial Revolution was unleashed. Men and women pondered the source of the emergent strides in wealth creation, what truly created value – was it human labour or the exchange in the market?, what constituted the best form of governance and existential questions about how we could come to know the world because self-evidently what was happening was outside the provenance of the bible – and of faith. The great Enlightenment philosopher, Emmanuel Kant, urged his readers to cast aside the unthinking demand for faith that religion and monarchy deployed to justify their existence but instead to ‘dare to know’ and follow the logic of reason based on evidence. Earlier the French political philosopher Montesquieu had been inspired by observing the operation of the then path breaking British constitution to argue for the division

of government into a separation of powers – executive, legislative and judicial – to combine action, legitimacy and the independence of the rule of law. Thus, could liberty and effective public action co-exist within a rule of law society. Voltaire and Rousseau would, borrowing Kant's injunction to get beyond faith and monarchy, inspire both the demand for and the study of democratic government. Adam Smith, father of economics, penned the Wealth of Nations arguing that it was dividing tasks into ever smaller components in factories but coordinated by the invisible hand of markets that unleashed human productivity – although in his theory of moral sentiments he had argued for elements of 'we society' thinking. A good society was built on an obligation to get inside the heads of others, so promoting empathy and mutuality. Later Auguste Comte, father of sociology would argue that the scientific method is no less useful in understanding social dynamics. All were what we would now understand as social scientists – if early thinkers in our discipline – consumed with answering the same questions that beset us today if in very different contexts. How to create a good society, how to understand the process of wealth creation and how to order effective governance that commands the assent of citizens.

It was a mindset that driven by empirical knowledge first unleashed the power of science to reveal the secrets of nature which would drive forward the Industrial Revolution, but then it jumped across academic forcefields. As urbanisation and industrialisation progressed bringing acute social and political ills in their wake, society demanded a parallel evidence-based approach to relieve the accompanying social and human distress. And so, the social science tradition has grown, deepened, and flourished notwithstanding inevitable ebbs and flows. In economics there has been the Marshallian, Keynesian and Friedmanite revolutions. Societally there have been successive interrogations into how to create stronger ties that bind us together fairly and diminish damaging inequalities, while politically the perennial issue is how to ensure good, responsive government, good law and an engaged citizenry.

But social science has made most impact when it plays into a 'We Society' zeitgeist. It is no accident that the birth of New Liberalism in the last decades of the nineteenth century, arguing in philosophic terms that the individual had responsibilities to the whole and the whole reciprocally to the individual, would trigger, with the impossible inequalities and that social destitution that unalloyed capitalism threw up, political and social responses. Thus, Booth and Rowntree's mapping of the geography and extent of inequality in London and York finding shockingly that 30 per cent lived in abject poverty, thus the creation of the London School of Economics in 1890 and two decades later Britain's first chair in sociology occupied by Lionel Hobhouse.

All would inform the thinking of the great reforming 1906 – 1914 Liberal government with its creation of a state pension, great extensions in education, compulsory health insurance, sick pay, health inspectors in schools and the introduction of limited unemployment benefits.

Then again came another surge of social science from the mid-1920s through the 1930s in the wake of mass unemployment, slump and depression. There had to be a better way, led by the economists notably John Maynard Keynes but also Joan Robinson, Alfred Pigou, and the great social historian and apostle of the case of Equality RH Tawney. The Leverhulme Foundation was launched in 1925. Planning has to be included in any mix of policies better to order capitalism – hence the creation of the Political and Economic Planning think tank PEP. Nuffield College was created in 1937 and the Nuffield Foundation in 1943.

The National Government first and after 1935 the Tory government, were resolutely resistant, but even the youngish Harold Macmillan would write *The Middle Way* – an insistence that if Britain was to avoid the twin evils of fascism and communism it had to proactively manage capitalism so it worked for the common good. Keynesian economics, public

ownership and a universal safety net were minimum imperatives. The intellectual seeds were being sown for the Beveridge Report, the NHS, the Butler education reforms, extensive nationalisation and the commitment to manage the economy for full employment. After the 1939-45 war Britain was not going to repeat the errors that were made after the first world war – promising a home fit for heroes but delivering slump and mass unemployment.

Again, the same interaction between social science and a 'we society' zeitgeist was apparent in the 1950s, in particular in housing – this was the era of new towns, slum clearances, mass council house building. Indeed council housing – building to provide working class families homes whose tenancy was secure at reasonable rents – is a quintessential expression of a 'We Society'. But the policy rolled out since 1980, to sell council houses built in those years at big discounts with no attempt to replace what has been sold was a pure assertion of the transition to a 'Me Society'. What counted was to confer today's incumbent social renters with gratuitous individual enrichment at the expense of future generations – to give one generation at one moment in time the capacity to be individualised at the expense of their successors. 4.4 million council houses have been sold since 1980 – condemning those looking for homes today to interminable waits or housing that consumes on average two fifths of disposable incomes.

Spool forward to 2024 and a new government pledged to national renewal, of which the centre-piece is a commitment to economic growth – and four other missions: driving to net zero, rejuvenating the NHS, extending opportunity and safer streets. There is again a 'we society' zeitgeist abroad – concern about social fractures, vast regional inequalities, indifferent sometimes terrible public services, recognition that it was much a sense of desperation and futility that drove many people in left behind Britain to vote for Brexit, belief that privatisation has gone too far – we cannot privatise obligations to ensure clean affordable water – an insistence that Britain could be better governed and dismay – even despair – at the lack of improvement in living standards because of poor productivity. The Conservative party has not had so few MPs in the House of Commons since democratic politics began with the 1832 Reform Act. It may be the electorate is fickle, but it is a fickleness born of a sense of being cornered, of looking for leadership and ways forward resting on evidence and conviction that allows society better to have their backs.

It is a moment for renewal – and an opportunity and challenge to social science to step up to the plate as it has at past moments of national concern. I argue in *This Time No Mistakes – How To Remake Britain* that in political philosophic terms an ethic of socialism (of fellowship or mutuality) needs to be fused with progressive new liberalism putting aside old rivalries: more unites these credos than divides them, and thus so united to drive for a 'We Society'. The Liberal government of 1906 to 1914 was still too in thrall to laissez-faire for all its reforming zeal: Asquith would resist both conscription and direction of the armaments industry for the first 12 months of the First World War. It needed more state. The Labour government of 1945-51, again for all its success, overdid the state and undercooked the need to revive British capitalism. Now the blend has to be got right – durable mechanisms to create the social floor, the need to build ladders of opportunity that work for both the academic and vocational, repurposing our capitalism so that it is high investment and high innovation and reconceptualising both our democracy and our government. In terms of the tension between structuralist and individualistic interpretations of economic and social dynamics, social science will always lean into the structural – but it must leave space for the role of individual agency. Not only because that best reflects reality of the 'We Society': it is the best way to maximise support for what we do both in civil society and from government. We need to redouble our efforts to put social science on the map. It's been right in terms of the 21st century economy to stress the importance of STEM subjects: wrong to allow them

to crowd out the contribution of social science to economic prosperity and social well-being. A strong economy and society are interdependent; and social science has insights into both the interdependency and the sources of strength.

There are amazing foundations of work on which to build. Here is a selection of some examples I have culled from the Academy and the Campaign for Social Sciences websites, Election 24 – ideas for change in which we detail some of the work we did in the run-up to the July general election, and of course the We Society podcast. I have grouped the work within a 'We Society' framework of floor, ladder and repurposed capitalism – to give you all a better sense of social science's richness.

The social floor

Housing: So much, but Roadmap to a coherent Housing policy by Christine Whitehead, Tony Crook and Kath Scanlon gives a clear-headed overview of the entire landscape – from planning reform to overhauling property taxation. And for some passion sure to listen to the We Society episode on the housing crisis with Auriol Miller and Vicky Spratt

Health: Its long been true that economic and social deprivation is a prime cause of ill-health - the webinar with Professor Trish Greenhalgh and Professor Metra Meier in the Election 24 is uncompromising and clear. Zooming in tighter the Born in Bradford Study, led by Professor Rosie McEachan, Director of Born in Bradford, highlights how just a determined effort to find even small pockets of green space in social housing estates transforms health outcomes. And never to forget the enduring work of Kate Pickett and Richard Wilkinson.

Social care: He must feel endless disappointment, but social scientist Andrew Dilnot restates the case for social care based on social insurance. It is the only way forward – again listen to the We Society podcast.

Families: A shout out for the DCLG. I thought the White Paper on Levelling Up was a great use of social science to support the case for actively reducing spatial inequality, and the evaluation it led of the supporting families programme – the largest ever undertaken – showed the dramatic improvement in everything from the judicial sentences to the time spent looking after children. Social Science meets government.

Work: Will AI cause mass unemployment? No according to Daniel Susskind. Handled proactively and intelligently it will rather eliminate routine jobs and open up new possibilities – but that requires government action.

Mental Health: Here I must pay tribute to Professor Richard Layard's work on mental ill-health as a prime cause of individual distress. Without him, Britain would not have the network of Cognitive Behavioural Therapies.

Then the ladders

Education: Its long been know that investment in early years has massive payoffs. Sure Start was perhaps the last Labour government's greatest social innovation, but slashed from 3,000 to 1,000 centres over the last 14 years. The IFS's painstaking evaluation work – children who enjoyed SureStart on average got GCSE grades 0.8 points higher proves the point. As for Higher Education – Professor Chris Millward makes an evidence-based case for a standing commission on Higher Education to make regular recommendations on all the wicked issues – especially fees.

Levelling up: The DCLG White Paper, but Professor Janice Morphet's argues powerfully that place and redressing regional inequality should be the sixth mission.

Social mobility: Great and ongoing work by Professors Steve Machin and Lee Elliott Major (see their book in what do we know and what should we do about social mobility) who drive home how place determines destiny, how to those who hath shall be given and the unjustifiable class divide over education and training – a degree for all who want it, while apprenticeships and FE funding is capped.

The overall economic and social framework

Stagnation Nation: Here I must reference the outstanding work of the Resolution Foundation and the Centre for Economic Performance, and their focus on lack of investment in both the public and private sectors. The British ownership and investment system needs recasting, they argue, along with iron clad commitments to raise public investment by concrete targets at the beginning of each parliament.

Taxation: Dr Arun Advani, Dr Emma Chamberlain and Dr Andy Summers make an unanswerable case for increased tax on wealth – either an one-off wealth tax or more politically practical, better designed taxation of property, capital gains and inheritance

Net zero: However good the policy intent, bring public opinion with you and one of the best means to do that is have attractive policies that the public endorse – a frequent flyer tax – argues Dr Steve Westlake and Dr Caroline Verfuert.

Agile government: Professor Marianna Mazzacatto has effectively made the case for Mission driven government – how contracting out makes government stupid. Let's see how it works in practice. I am sure Hannah White of the Institute for Government will make good recommendations for change in her lecture.

And the role of social media is making good government ever harder – Dr Verena Brändle and Dr Charlotte Galpin argue how it needs to be transformed from an agent of disinformation to actively encouraging citizen involvement.

Europe: The costs of Brexit. Professor Sarah Hall's rigorous evidence show they are very real, but London's strength as a service sector exporter continues to help it shrug them off. It is Britain's second- rank cities depending on back-office service sector work or sub-contracting to EU supply chains now migrating back to the EU that are suffering, along with regions dependent on hard-hit industries like chemicals. Brexit is making regional inequality worse.

That's enough social science! But what I wanted to dramatise is just how extensive and good it is, that it is already making a difference and how comfortably social science fits in a 'We Society' framework – which in turn crosscuts with the government's five missions. Not only is there the need and opportunity, we have a great base from which to launch.

It's not all rosy. All the authors of the studies I have cited would say that more and better data would raise everyone's game – especially economic micro data on individuals and households where we are falling behind other countries. I would make another plea as an economist: we don't know enough about the drivers of productivity, the main-springs of innovation, why some firms choose to grow into consequential companies and many who could choose not to, how best to disseminate basic research into business models and what is the best relationship between public and private markets. Economically we are still flying if not blind, then partially sighted. I would also argue that for all the great analysis and broad recommendations, we need to push ourselves more into thinking of innovative mechanisms

actually to deliver what is proposed – and for that a re-opening of the funding streams that use to fund thinking about social innovation would be welcome

But the big point stands. Britain is at an inflection point. It must change. Its economy must start growing again, our social fissures close and a sense reborn that the future can be better than today. As social scientists we can take heart from what we have achieved in the past at moments like these, but redouble our efforts to do better – more compelling evidence, more workable innovation, more making sure that we think across our disciplines which can be so powerful and above all have the ambition and determination to be heard. To turn a ‘we society’ into reality would be a great prize – a roadblock to the growth of nihilist populism and the grave dangers at home and abroad it poses, and an example to others of what can be achieved. I would say that social science has a sacred duty to try. And be sure – we at the Academy will do our best to help the cause.