

Beyond recession: what changes for the future?

The recession shows the need for profound social and economic reform, says **Mike Danson**, and brings opportunity for that reform to be welcomed

WE ARE facing a period of recession where the poor and dispossessed will suffer more than most and many of those on the margins of poverty will slip into deprivation and exclusion. The last quarter of a century has seen deepening economic and social divides in the UK, exacerbated by an increasingly unfair tax system, during a period of unprecedented and unsustainable growth. But the recession brings opportunities for profound social and economic reform.

There are likely to be both positive and negative impacts and features of this recession for common people and obviously on balance the latter will dominate. Recession is primarily about negatives: higher unemployment and worklessness, enforced premature retirement, lower levels of well-being, falling real wages cumulating in more poverty, deprivation and ill-health. Uncertainty and risk rise for individuals and communities, exacerbating these changes. For companies and households, costs of capital and loans are rising—despite cuts in interest rates, undermining the willingness and capacity of enterprises and people to make decisions, to innovate and to progress. Reform must temper these negative tendencies. Yet during a slowdown, economic and social change also slow down; recession and redundancy do not build confidence and creativity—overwhelmingly they destroy.

But a recession never endures: it should therefore be an opportunity for looking again at the need for regulation and planning, for reflecting on the systems and structures that led us down here. This should be a time for arguing what must be done to challenge and reform the infrastructure and superstructure of society, to ensure the eventual upturn does not reward those who created the recession and who continue to create the conditions for division and exclusion. We need genuine and irreversible political reform, not quick fixes to promote party and sectional interests. Land and tax reform must be a part of that programme.

Some of the more favourable implications of the next few years will be felt in housing where the falling house prices and lower interest rates should make private sector—especially owner occupied—accommodation more affordable



Without profound social and economic reform we will simply dig ourselves even deeper into the hole in which we now find ourselves

for those able to keep on middle incomes. As Housing Benefits cover a significant proportion of the costs of housing for many on low incomes, where social housing is also a more popular form of tenure, there will be limited benefits from these changes. Rationing of mortgages, over-reaction to the worst excesses of the sub-prime fiasco and other irresponsible developments in lending practices, and greater

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risks and uncertainties in the market over future job and income prospects will all mute the benefits of increased affordability.

To counter the slowdown in private housing construction, there will probably be an acceleration in social housing programmes. This will partly redress the domination of the pursuit of owner occupation and so give the opportunity to re-evaluate the house as home, rather than speculative investment.

Lower levels of production, travel and consumer activity should reduce demands

for energy and so carbon emissions and other pollutants. These decreases may generate inefficiencies in production, however, with the threat of diminished efforts to seek energy-saving innovations, prolonging poor practices, but also postponing moves for a large scale nuclear power plant programme. Calls to bring forward motorway and railway infrastructure projects to create and preserve jobs, incomes and enterprises, can have both positive and negative impacts for the economy, society and environment. Reform must address how social progress is often accompanied by adverse consequences for many, acknowledging the implications of the tax system.

Generally, speculative planning developments and threats to heritage, open spaces and the built environment should all slacken during a recession. These various characteristics of a slowdown all give the time to revisit and reassess how the country has been evolving, providing the opportunity to change the focus. There continues to be a need to look at what those who are discriminated against, marginalised or excluded, require, to live happy and fulfilling lives. But, counter to this, an unintended consequence of the recession is a relaxation of the emphasises on such social objectives: redundancies and higher unemployment reduce the pressure to re-engage with those suffering from problems of employability. We must challenge that tendency.

Across the world there are renewed attempts to adopt an alternative agenda and we can learn from these and adapt to suit local and regional needs. Some of these have their counterparts here already. Micro-credit schemes and other means to maximise local

impacts of local spending and saving are found in credit unions, LET schemes and farmers' markets. The long-term advantages of mutualism, embodied in trades unions, cooperatives, building societies and much of the banking, insurance and finance sector, were undermined by successive Westminster governments; they need to be reinvigorated and offered greater protection.

The regeneration of parts of the Highlands and Islands of Scotland through community buy-outs of their own land, following the land reform acts, demonstrates what ordinary people can do when the shackles of landlordism are removed. Repopulation, new companies and housing have all been achieved through their own collective enterprise, against stagnation and worse under private ownership. That this was only possible under devolution and that Scotland is faring better in this recession than England confirms that democratic changes are necessary and successful components of reform. The confidence and growing self-esteem that these developments have encouraged locally and nationally are critical to further progress. As important, policies and strategies to create a more equal and equitable society have to be introduced at all levels if evolution is to be positive and worthwhile. Fiscal reform is an essential part of this so that the excesses of the past quarter century are not repeated. In that regard, there must be a move to truly progressive taxation so that the poorest no longer pay a higher proportion than the rich of their incomes in tax—with unearned income the key target.

The most successful, sustainable and cohesive societies have weathered their own recessions and crises in recent decades by pursuing just and equitable paths. This recession makes the implementation of such reforms essential and long overdue. Now is the time for the arguments to be made even more strongly so that we progress through the coming months and years with hope for a better and sustainable future for all, rather than for the few. [L&L](#)

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