

From 'everyday economy' to 'securonomics': the implications of the Chancellor's evolution in economic thinking

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Published version

CRISP, Richard (2024). From 'everyday economy' to 'securonomics': the implications of the Chancellor's evolution in economic thinking. *People, Place and Policy Online*, 97-103. [Article]

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Focus article

From 'everyday economy' to 'securonomics': the implications of the Chancellor's evolution in economic thinking

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Abstract

Recent years have seen growing interest in alternative 'beyond GDP' approaches to economic development by policymakers in the UK. This paper considers the evolution in economic thinking of the current Chancellor of the Exchequer, Rachel Reeves, from her own conceptualisation of the 'everyday economy', which broadly drew on the notion of the foundational economy, towards her more recent articulation of 'securonomics'. This marked a distinct move from a focus on reconceptualising the purpose of economic policy as supporting flourishing lives and challenging wealth extraction towards a more orthodox 'modern' supply-side emphasis on reforming policies and institutions to boost productivity and growth. This move may have reflected political calculations of the approach most likely to secure support in the run-up to the 2024 General Election. However, it arguably also represents a missed opportunity to experiment with a new economic model centred on a more inclusive political and moral economy that subverts economic policy to social and ecological goals. The paper concludes by advocating for national level support and a strategic framework to enable alternative approaches to economic development to flourish at local level.

Introduction

'Traditional' approaches to economic development have come under increasing scrutiny and critique. A key concern is that approaches centred on promoting growth and productivity have failed to stem or reduce social and spatial inequalities, ecological degradation and political marginalisation (Crisp et al., 2023; Lauermann, 2018, Rodríguez-Pose et al., 2021). This has been challenged by a range of local state and non-state actors as part of a recent wave of experimentation with 'alternative' approaches to economic development including the foundational economy, community wealth building and the wellbeing economy (Crisp et al., 2023; also Thompson et al., 2020; Deas et al., 2021).

These alternative approaches all contest, to varying degrees, economic development models centred on cities as engines of growth and productivity that seek to foster agglomeration economies through inward investment, property development, technological innovation, dense networks of firms, and high-value tradeable sectors (Deas et al., 2021; MacKinnon et al., 2022; Martin et al., 2022; Thompson et al., 2020; Tomaney et al., 2019). They assert, instead, the need to embed social and ecological goals more prominently within economic development in a way that explicitly addresses social, economic and environmental harms or inequalities. Each approach has a distinctive focus and mechanisms for change. For example, the wellbeing economy centres on articulating and developing economic policies around a vision of the 'good life', often underpinned by an agreed outcomes frameworks to measure progress. By contrast, community wealth building is less 'vision-centred', offering instead a more defined set of principles and tools (for example, progressive procurement and plural ownership of the economy) to secure greater economic democracy and retention of locally-generated wealth (see Crisp et al., 2023 for a detailed explanation of these approaches).

Some of these approaches have gained local traction. Preston's ongoing engagement with community wealth building through its Preston Model has achieved international recognition (Brown & Jones, 2021) while the (then) North of Tyne Combined Authority has published its own Wellbeing Economy Strategy (NCTA & Carnegie UK, 2022). The UK government under previous Coalition/Conservative-led administrations has barely engaged with such approaches, in notable contrast to devolved nations in the UK. For example, the Scottish Government's National Strategy for Economic Transformation (Scottish Government, 2022) is underpinned by 'a vision of a wellbeing economy' while the Welsh Government has engaged explicitly with the concept of, and funded projects related to, the foundational economy (<https://businesswales.gov.wales/foundational-economy>).

From the everyday economy to securonomics

Everyday economy

Rachel Reeves' publication of *The Everyday Economy* pamphlet in 2018 as a backbench MP was a significant departure from orthodox economic thinking, albeit within a Corbyn-led Labour Party experimenting with new economic ideas under the then Shadow Chancellor of the Exchequer John McDonnell (McDonnell, 2018). Reeves drew on the concept of the foundational economy developed by the Centre for Research on Socio-Cultural Change (CRESC) at the University of Manchester (<https://foundationaleconomy.com/>). This critiqued politicians' narrow focus on promoting the productivity and growth of tradeable sectors (Calafati et al., 2023a; Froud et al., 2020) at the expense of a foundational economy described as 'the large, neglected and sheltered zone of the economy which employs around 40 per cent of the workforce and provides households with basic goods and services like healthcare, education, utilities and food' (Calafati et al., 2023)

Reeves argued similarly for the need to refocus economic policy on often low-productivity, low-wage, non-tradeable sectors that 'conventional' economic policy typically overlooked. She challenged the prevailing emphasis on promoting global competitiveness in tradeable sectors through policies that concentrated on 'cities as engines of growth, on property development, technological innovation and the high-productivity trading sectors' (Reeves, 2018a, p. 30). Reeves claimed that this neglected everyday economy sectors such as hospitality, retail, food processing and supermarkets

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despite their significance as the forms of 'services, production, consumption and social goods that sustain all our daily lives' (Reeves, 2018a, p. 8).

Reeves' conceptualisation of the everyday economy was more radical, however, than a simple demand for economic policy to look beyond high value, high skilled 'frontier' sectors to support less glamorous industries where 'most people work and spend their money as consumers and taxpayers' (Reeves, 2018a, p. 32). It went further by explicitly calling for a 'new political economy of everyday life' that recognised the 'wider relationship of production, consumption and trade to culture, society and government' (Reeves, 2018a, p. 8). This had four components. First, it offered a diagnosis and critique of an 'economy of wealth extraction' that generates inequalities through unequal distributions of the benefits of growth as a result of processes including the shifting balance of power towards capital away from labour (captured through wage share); financialisation; outsourcing; the greed and incompetence of company directors; failing regulatory bodies; and the privileging of short-term shareholder value (Reeves 2018a, 2018b).

Second, and in response to these inequalities, it called for the rebalancing of power between workers and employers through worker representation on company boards and remuneration committees, stronger collective rights, and more egalitarian forms of economic ownership. Third, it recognised the wider social interdependencies that underpin economic life in terms of the 'household and the relationships of its occupants' (Reeves, 2018a, p. 41). Accordingly, it called for strategies for childcare, adult care and tackling the rise of long-term illness. Fourth, it made a normative case for an alternative set of values beyond GDP which should guide the objectives of economic policy including 'economic security, human flourishing, community and a sense of belonging' (Reeves, 2018a, p. 26). The radical nature of Reeves' proposition was clear in its advocacy of a fundamental reconfiguration of economic policy around social and collective values and the democratisation of economic life. Reeves (2018a, p. 52) describes an 'economy bound by reciprocity as the basis of a just society and the common good'.

Reeves' notion of the everyday economy won plaudits as a 'radical break' (Edgerton, 2022, p. 683) from the economic orthodoxy of aiming for growth based on a set of policies around innovation, science and technology, and R&D which had largely failed. However, sympathetic commentators also suggested Reeves underplayed the transformative potential of the everyday economy as an *alternative* rather than simply an *adjunct* to more conventional 'boosterist' ambitions, failing to fully recognise the need for greater economic democratisation (Berry, 2022; Edgerton, 2022). These concerns are arguably amplified by Reeves' subsequent promotion of 'securonomics'.

Securonomics

Once promoted to become Shadow Chancellor of the Exchequer in 2021, Reeves moved towards a more traditional form of economics dubbed, in her own words, 'securonomics' (Reeves, 2023). While coined by Reeves, securonomics draws explicitly on 'modern' supply-side theory as exemplified by Bidenomics in the United States, and the 'productivism' of US economist of Dani Rodrik (Rodrik & Spencer, 2023). Fundamentally, these approaches share a concern to use a more interventionist state to shape markets and support domestic sectors through industrial strategy, close partnership with business, and investment in infrastructure and skills. In its UK variant, securonomics diagnoses the central challenge as an 'age of uncertainty', underpinned by a series of political and economic crises in the UK including austerity plus the ensuing 'chaos' of political turmoil, Brexit and Liz Truss's mini-budget (Reeves, 2023). Securonomics aims, therefore, to deliver greater security through a three-pronged

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approach of supporting households and workers; creating a more stable energy system and lowering prices through the creation of Great British Energy; and strong fiscal rules.

Reeves' notion of securonomics references some aspects of the everyday economy, both in citing the concept directly, but also more broadly in terms of the need to support workers (for example, through skills, the living wage and new workplace protections) and to look beyond frontier sectors by supporting high street businesses that are the 'beating heart' (Reeves, 2023, p. 153) of the everyday economy.

However, it is the discontinuities that are more striking about the shift from the everyday economy to securonomics. Reeves' Mais lecture in March 2024 (Reeves, 2024) took a different view of the economic issues faced by the UK, noting growth performance as the 'central challenge', underpinned by weak productivity growth, weak investment, low levels of basic skills, gaps in vocational and technical education and poor management. Reeves advocated a series of 'overdue supply-side reforms' (ibid., 2024) that relate to public services, planning, and investment in key infrastructure and skills. These were to be delivered through a new institutional architecture of 'mission-led government'.

These pre-election pronouncements were noticeable for three distinct shifts away from the notion of the everyday economy. First, they significantly dialled down the critique of extractive economic practices, advocating instead a new partnership between government and business embodied in a revived Industrial Strategy as part of a 'proudly pro-worker **and** pro-business' (Reeves, 2023, p. 154 [original emphasis]) position. That said, Reeves still challenged an underregulated financial sector that had presented 'profound structural risks' (Reeves, 2024)

Second, they promoted an avowedly pro-growth emphasis that runs counter to the 'beyond GDP' underpinnings of the everyday economy: 'it is through growth and only through growth that we can sustainably resource strong public services, raise living standards, and compete internationally. Growth, ultimately, is what generates higher living standards for households, raises incomes, lifts people out of poverty and gives people more choices about how to lead a good life' (Reeves, 2024). This growth-focused approach later found expression in the Labour Party general election manifesto (Labour Party, 2024) as a mission to 'Kickstart economic growth to secure the highest sustained growth in the G7' through a series of commitments including a new Industrial Strategy, a National Wealth Fund, the New Deal for Working People, and the National Infrastructure and Service Transformation Authority.

Third, the everyday economy was now positioned as being in service to the frontier economy as 'even the most dynamic of industries must rest on foundations provided not only by businesses at the frontier but what I call the 'everyday economy': of retail, care, transport, delivery, utilities, and more' (Reeves, 2024). Similarly, the Labour Party (2024) manifesto outlined a commitment to support diverse business models including the co-operative sector on the basis that this will 'bring innovation and new products to the market'. As such, alternative approaches and models of economic ownership were now framed as playing an ancillary role in supporting growth and innovation within a dynamic market economy.

Conclusion

The shift in the chancellor's economic thinking from the everyday economy to securonomics represents a clear retreat, moving from a potentially transformative approach based on novel understandings of political and moral economy towards a more conventional form of 'modern' supply-side economics. This shift is perhaps unsurprising

in the context of the wider reorientation of the Labour Party before the 2024 General Election away from policies associated with the previous Corbyn-led Labour Party. The largely untested notion of the everyday economy, its challenge to forms of rentier capitalism, and its questioning of the primacy of growth as a policy objective were perhaps seen as uncomfortably close to Corbyn-era economic experimentation such as the creation of a Community Wealth Building Unit (<https://www.communitywealthbuilding.org.uk/home/>)

Regardless of the political calculations behind the shift, this move has four significant implications. First, there is a tension in largely sidelining the everyday economy within current economic policy and, where it does briefly emerge, framing it as in service to frontier sectors. The everyday economy in its original formulation critiqued the conventional focus on high value tradeable sectors for overlooking large parts of the economy which were often locally rooted and responsible for a significant proportion of consumption and production. Repositioning the everyday economy as the foundation for, rather than an alternative focus to, frontier sectors within a conventional frame of growth and productivity runs counter to the spirit of Reeves' everyday economy project. She definitively parts company with the original proponents of the foundational economy who continue, by contrast, to challenge, the 'unrealisable and misconceived ... dream of a high wage, high productivity economy' (Calafati et al., 2023a, p. 64) achieved through well-worn but historically unsuccessful supply-side policies around investment, infrastructure and skills.

Second, Reeves' shift jettisons the implicit moral economy framework within her earlier conceptualisation of the everyday economy. Securonomics largely dispenses with the more radical notion that economic policy needs to work with the grain of local economies and identify ways of privileging and orientating the everyday economy to better support 'economic security, human flourishing, community and a sense of belonging' (Reeves, 2018a, p. 26). Instead, it concentrates on increasing growth and living standards through a mix of investment and institutional reform, shying away from far-reaching questions about the purpose of economic growth and the ways of living it could or should sustain.

Third, the UK government's more traditional approach to economic policy under securonomics remains out of kilter with devolved governments which have explicitly supported alternative approaches, from the Welsh Government's commitment to the foundational economy to the Scottish Government's adoption of the wellbeing economy framework as a scaffold for its recent National Strategy for Economic Transformation (see above). One implication is that local policymakers in England, unlike their counterparts in devolved nations, lack a national level strategic framework and resources to support local experimentation with alternative approaches. This arguably runs counter to parallel ambitions in the Labour manifesto, albeit thinly articulated, to promote more democratic forms of economic ownership. Given the UK government's ongoing commitment to devolution, this would seem an opportune moment, therefore, for a reset to develop a national framework to support local actors in England to trial and test new alternative approaches.

Fourth, and finally, the more radical political economy critique of an 'economy of extraction' underpinning Reeves' notion of the everyday economy seems to have been largely expunged from current economic policy. At the time of writing, the government is hosting a major summit to attract investment to the UK with promises to 'slash red tape' from Prime Minister Keir Starmer (Stacey, 2024). One of its headline speakers is Larry Fink, the chief executive of BlackRock, one of the world's largest asset managers. Critics have suggested that Reeves' intention to use asset managers like BlackRock to catalyse investment into clean energy through financing the new National Wealth Fund is a form of de-risking by a 'bailout state' (Pettifor, 2024). Pettifor (ibid.) notes that the UK

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government will need to ensure that asset managers provide this finance by making returns sufficiently attractive, but also that risks are borne by individual pension holders whose savings are invested rather than asset managers themselves who cannot be made insolvent by a collapse in the assets they manage. Thus, whereas the everyday economy sought to surface and challenge 'economies of wealth extraction', the de-risking approach of securonomics creates a favourable climate for some elements of wealth extraction to flourish, albeit in service of ecological goals. This has been some journey in economic thinking indeed.

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