Foundational liveability: an approach to place

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Foundational Economy Collective
A distinctive approach to understanding places
- downplays GVA + focuses on well-being in a new framework about foundational liveability
- illustrated from recent work on residual income by region + fieldwork in a district town (Morriston) outside Swansea, UK

A challenging approach which complicates the policy world
- rejects binary distinctions between successful and unsuccessful places, materialised as 'left behind places'
- rejects the ranking of places; place marketing liveability for world’s major cities

Constructive new policy objective: establishing basic foundational liveability for more households and improving foundational liveability for all
Outline

1. From GVA to proliferating measures of well-being
2. Reframing well-being: drivers of foundational liveability
3. Foundational liveability affects how we see places: residual income, wealth accumulation, social infrastructure
4. The end of place ranking and the beginning of place specific intervention
1. From GVA to proliferating well-being measures
Per capita 
GVA: 
limits of the 
standard 
metric

• Per capita GVA = standard measure of region or city success & trigger for policy to close GVA gaps (which have not succeeded e.g. in Wales or NE England)

• Issues of national income accounting: GVA = GDP – taxes + subsidies; per capita output measure which roughly corresponds to disposable income (post-tax) and expenditure (consumption + savings)

• Intellectual weakness = adds heterogeneous outputs + forms of consumption according to one order of worth i.e. market value or cost, which disrespects social reproduction & the planet

• Practical weakness = per capita disposable income is a poor guide to living standard differences within or between places. ONS experimental series shows that Londoners spend £10k more each year + £7k of that goes on more expensive housing
Well-being? better measures, policy confusion

• More sophisticated, multi-dimensional measures because subjective + objective well-being cannot be encapsulated in one dimension giving a bottom line (like GVA per capita)

• OECD framework, dashboards + KPIs reflecting aspects of the object + claims of different discourses (eg Wales well-being of Future Generations has 7 goals + 46 KPIs);

• UK ONS measuring national well-being project e.g. mental health in ‘personal’ and cost of essential items in ‘economic’ well-being)

• Better measures confuse policy intervention and evaluation; because policy makers face a bank of flashing green, amber and red lights with no agreement on causal drivers + loose problem definitions
2. Re-framing well-being: drivers of foundational liveability

- Incomes from jobs, pensions & welfare
- Grounded local services infrastructure: housing, utilities, health, education, care
- Mobility infrastructure: private and public transport systems
- Social infrastructure: parks, libraries, centres, high street/public realm
Well-being as liberal freedom and its material conditions

• Well-being is about meeting basic human needs; but that’s complicated when needs are culturally defined + socially mediated using available technologies (e.g. railways or cheap air flights = new mass mobilities)

• Hence we start from the Senian capability approach: quality of life/well-being is capacity to function (being and doing) + freedom of citizens depends on their capacity to 'live the lives they have reason to value'

• Foundational approach then shifts from measuring outcomes to conceptualising drivers of liveability i.e. qualifying Sen’s liberal individualism because the material conditions of citizen well-being are collective as much as individual
Foundational liveability has several place based drivers

- Income and jobs matter but income is NOT the only driver...
- Well-being also depends on other drivers: grounded, mobility and social infrastructures
- Access and quality of these drivers depends on social investment (public or private) + tax revenues (not just income);
- Importance of collective consumption + what households cannot/ do not buy from private income e.g. a local park or free health care.
- Income is sometimes portable but the rest is place based and depends on household location; not just the grounded infrastructure but transport systems + the social

- Incomes from jobs, pensions & welfare
- Grounded local services infrastructure: housing, utilities, health, education, care
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3. Foundational liveability affects how we see place
(i) Places have mosaic income variation: residual income varies by household type

- High or low average per capita disposable income is not the whole story because of varying housing + transport costs: residual household income under 50% for London first time buyers vs 70% for pensioners with paid off mortgages

- Recognise different types of household – by tenure, age and composition and whether/how many members of the household are economically active/inactive.

- Well-being is impossible if the household cannot afford essentials or has a small residual (so that expenditures like food or utilities have to be compromised); a big issue when house prices are high as in London with trapped renters paying off somebody else’s mortgage (first time buyers in London need two incomes in the top half of the income distribution + £140k deposit)
(ii) Places are also sites of wealth accumulation via house property (but only for some)

- Income level and growth is only one part of a bigger story about household wealth accumulation via house property which drives differences between households within and between regions.
- **Differences between regions:** under post-2008 monetary policy, London house prices have increased steadily but not in the NE or Wales; the average home owner in London made £20k a year untaxed and unearned every year from 2008 -18; while house prices have flatlined in much of the North.
- **Differences within regions according to income quintile:** Q1 London households make no gains; household needs disposable income to take out a mortgage + benefit from the feedback loop to income via equity withdrawal or inheritance.
(iii) Places generate demand for social infrastructure: what citizens say they want

- Disconnect of economic policy from what citizens want: citizens don’t think in terms of GVA; many citizens want jobs that fit into their lives (71% of Brits favour a 4 day week, 37% think we would be just as productive)

- From fieldwork in Morriston outside Swansea, citizens tell us they value social infrastructure - parks, libraries and community centres & the free or low cost activities therein; coherent with other evidence

- NB/ Well-being requires understanding the inter-twining of economic and social within places, not simply about private consumption from personal income
Vienna ranked as most liveable city in the world (BBC News, 14 August 2018)

'The Austrian capital, Vienna, has beaten Australia's Melbourne to be named the world's most liveable city. It's the first time a European city has topped the rankings of the Economist Intelligence Unit (EIU) annual survey. The worldwide league table ranks 140 cities on a range of factors, including political and social stability, crime, education and access to health care. In the survey, Manchester saw the biggest improvement of any European city, rising by 16 places to rank 35th…….'
(not) marketing liveability: indexes + place ranking for a mobile global elite

- **Marketing liveability indexes:** EIU + Mercer have liveability indexes tied to the ranking of big world cities; Demos PWC 'good growth' index which ranks UK towns and cities on econ + social indicators.

- **International rankings based on schools, private health care, personal security = criteria relevant to corporate execs** or international agency employees deciding their next posting or high net worth individuals planning their next property purchase.

- **Foundational liveability engages with the specifics of each place to focus on the infrastructures of well-being:** because places are like Tolstoy’s unhappy families, unhappy in their own way and can’t be ranked from 1-60 as by Demos PWC.
Foundational liveability: the start of place specific intervention for ordinary households

- Every place has households with low residual income and problems about cost, access and quality of public services & neglected social infrastructure; but the pinch points = different in various places e.g. quality of buses, the adult home care services, maintenance of green/blue space etc.

- The scale of 'place' varies according to the problem (house prices are regional; parks and youth clubs highly local) and policy needs to engage at different scales

- The points of intervention will be different from mainstream policy e.g. addressing housing tenure and costs may be more important in some places than jobs or growth; more focus on social infrastructure as much as other ‘infrastructure’; benefits of sociability and political engagement through re-design of services; not a top-down state, but co-production
No place is left behind: every place needs better foundational liveability

Argument based on a working paper and research report both at foundationaleconomy.com

Foundational liveability: rethinking territorial inequalities Working Paper No 5

How an ordinary place works: understanding Morriston