

'Levelling up': how an empty slogan could be made to work

*Widespread poverty on one side and luxury capitalism on the other. To tackle Britain's deep divisions, **Stewart Lansley** calls for a new Beveridge plan, including a guaranteed income floor, that would produce greater impact than the "tweaking of infrastructure funds" that now make up the government's levelling up strategy.*

If the Tories have a big idea, it's 'levelling up'. Few could disagree with the principle – the need to tackle Britain's deep-seated and gaping divide between regions, communities and citizens. Yet, despite some additional funds, and promises that the idea would be turned into a white paper, the idea involves little more than the reallocation of government infrastructure funds often to areas that favour the government's political support base. [Some](#) dismiss it as a 'slogan in search of a policy'.

The label has some parallels with Tony Blair's 'third way'. For Boris Johnson, it is a fuzzy umbrella term to define a new direction. In reality, it is there to disguise an agenda thin on measures, and in its current form, will do little to live up to the promise of a better post-COVID society.

Britain is a deeply [divide](#) nation. It takes second place, behind the United States, in the [inequality](#) league table of rich nations. In the last four decades, the risk of poverty has almost [doubled](#). A serious anti-inequality strategy would need a much more comprehensive strategy. One measure that would have much greater impact than the tweaking of infrastructure funds would be to introduce a guaranteed, non-means-tested income floor, a direct form of levelling up for all on low incomes.

Building on a long line of calls for a social guarantee, the Beveridge and Attlee post-war reforms were intended to deliver a guaranteed, if modest, minimum income for all. But while their plan lifted the income floor for many, Britain has yet to create a robust minimum, with millions still falling short. A [new Beveridge plan](#) – one that would directly tackle the current patchy, mean and over-punitive benefit system – therefore needs to finish the job started in 1945.

Such a plan should institute an automatic, universal income base that would underpin the current heavily means-tested system. Simulations by [Compass](#) show that payments of £60 per adult and £40 per child per week – £10,400 a year for a family of 4 – would be feasible, affordable, and highly progressive. Such a floor – a form of basic income for all, if very different from the big-bang schemes proposed by some – would boost low incomes, cut poverty and inequality, strengthen universalism and cut means-testing.

A number of tax adjustments would ensure the cost would be fully met within the existing tax/benefit system, while making the tax system much more progressive. The most important of these adjustments would be the abolition of the personal tax allowance – a highly regressive measure which benefits the better off most, yet costs a massive £120 billion a year – and its conversion into a cash payment for all adults. These changes would involve a powerful form of 'levelling up' combined with a modest 'levelling down' at the very top.

While cutting poverty directly, this scheme would build a new equalising and regional rebalancing instrument that would boost all low-income citizens and reboot left-behind regions in a way that would help to revive high streets and small local businesses.

It would also help to suppress one of the key weaknesses of the British economic model – its reliance on a 'luxury capitalism' that stems from extreme concentrations of incomes and wealth at the top. In his influential book [Riches and Poverty](#), the radical journalist and future MP Leo Chiozza Money warned a century ago that the 'ill-distribution' of property ownership encourages 'non-productive occupations and trades of luxury, with a marked effect upon national productive powers'. Such concentration has been a primary source of economic turbulence including the devastating crashes of 1929 and 2008.

Today luxury capitalism can be seen in fortress developments, private airports, and the colonisation of land for luxury developments that exclude those on middle and lower incomes. A new London bank run by International Bank Vaults deals 'only with billionaires'. One in three new cars bought in London are SUVs, while close to a quarter of UK jobs take the form of 'guard labour' that serve the interests of the mega-rich, while ignoring the common good. Luxury capitalism has added to inflated expectations and ecological imbalance and helps to explain the paradox that as societies get richer, there appears to be less capacity to meet essential needs from health care to decent housing and work.

Egalitarianism is out of fashion. Even Labour has failed to deploy it as a political strategy. Yet there has rarely been a greater need for an agenda for greater equality that would not just create a fairer society and more even life chances, but a better balanced and more resilient economy.



Notes:

- *This blog post draws on [The Richer, The Poorer](#), How Britain Enriched the Few and Failed the Poor, a 200 year history, to be published by Bristol University Press.*
- *The post expresses the views of its author(s), not the position of LSE Business Review or the London School of Economics.*
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