



## Is Labour's Manifesto progressive, ambitious or radical? An analysis

*This article looks at whether there is much prospect of 'progressive' politics and policy following the 2024 UK General Election. Author **Mick McAteer** focusses on the Labour manifesto for two reasons. First, the party is traditionally associated with progressive politics and policies. Second, barring some sort of last-minute political miracle for the Conservatives, Labour will form the next government.*

### Introduction

In the run up to the General Election on 4<sup>th</sup> July 2024, Labour politicians and media pundits have been constantly telling us that we must be 'fiscally responsible' and 'we've got to make difficult choices' as 'there's no money left'.<sup>1</sup> The same politicians and pundits tell us that even with public spending and investment restricted, progressive economic, public and social policy is still possible.

A great deal of wishful and magical thinking is evident in the promises of economic growth, market liberalisation (eg. planning reform and freeing markets from the 'burden of regulation'), and improving public sector 'innovation' and 'productivity' by deploying AI (Artificial Intelligence) and technology.

Can Labour's manifesto be said to be progressive in any real sense? It is not possible to cover each and every policy area in a single article and I certainly do not claim the necessary expertise to do so across the board. But, looking at the areas I have covered over 30 years of campaigning and analysis, if I drew up a rough policy balance sheet I would conclude there are some positive proposals. But, overall, this is not a progressive manifesto. It is certainly not ambitious or radical enough given the range of major crises the UK faces.

### What is progressive politics?

People will have their own definitions of 'progressive' politics. For me, progressive economic, public, and social policy sets out to:

- promote a sustainable economy;

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<sup>1</sup> Fiscal responsibility often turns out to a false economy which costs us more in the long run but that's for another discussion.

- ensure economic benefits are shared more fairly;
- meet citizens' core needs in a way that is fair and equitable;<sup>2</sup>
- advance citizens' rights and protections;
- level the playing field between ordinary citizens and powerful vested interests; and
- protect citizens from the adverse impacts of markets, technology, and innovation while ensuring they get the benefits.

The emphasis of progressive policy is on the 'many not the few', and prioritises people and communities who face economic, financial and social exclusion, discrimination, and disadvantage.

Progressive policymaking is needed at the best of times. But, it is even more important now given the number of huge crises we face. In 30 years campaigning I can't recall so many environmental, economic, public and social policy crises and future risks needing to be confronted at the same time.<sup>3</sup>

These include: dealing with looming climate catastrophe and the need for just and fair green transition; the state of the NHS and social care systems; a seriously dysfunctional housing sector; the state of the water industry, utilities, and the need to build energy security; underfunded, decaying public services and infrastructure; the parlous state of the university sector; unreliable, expensive 'public' transport; millions of people facing chronic poverty and economic insecurity; and tackling economic and social injustice and inequality.

Tackling these crises has to be done in the face of a struggling economy, changing socio-demographics, and dealing with the potentially very serious adverse consequences of AI/ tech/ big data. This is a very long, daunting list. But, there is no point pretending these crises and risks don't exist, and baulking at the challenges.

The UK also faces major global political and economic challenges. Global political and economic challenges are above my pay grade. But, dealing with the internal crises would put the UK in a much stronger to deal with the shock waves of global change.

The 'money is tight and we must make difficult trade offs' and 'regulation is a burden and stifles growth and innovation' narratives are now embedded within the political and pundit classes. Labour's 'fiscal prudence' means many of those crises will not be addressed by the next government or left to the market with all the negative consequences that entails.

If we are lucky we may see *some* progress in a few policy areas. In other policy areas, decline may be stemmed or things will get worse at a slightly slower rate. In other areas, we are likely to see serious deterioration.

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<sup>2</sup> this includes needs essential to the maintenance of life (food, water, energy); safety, security, and protection (physical, economic, and social); and are life enhancing (eg. education, public services, and culture).

<sup>3</sup> See for example: [The precarious state of the state: Summary | Institute for Government](#)

## What does it take for progressive policymaking?

Talk is cheap and easy, delivering progressive economic, public, and social policy isn't. Progressive policy that has a real impact takes money, and political courage. Governments can use three main levers to deliver progressive policy goals:

- i. deploy enough of the right type of financial resources to support progressive goals;
- ii. create the systems, markets, and institutions (including regulatory institutions) with the right values and ethical framework to pursue progressive goals; and
- iii. create a robust system of rights and protections in legislation and regulation regularly reviewed and upgraded as economic and social conditions, and expectations change.

So, how does the Labour's manifesto measure up?

### Financial resources

To be blunt, anyone who claims that major advances in progressive policy can be delivered without significant additional public spending and investment, and/ or large scale, decisive state interventions to reallocate resources should not be taken seriously.

There are two main issues to consider here – spending on core public services and public investment to support progressive economic goals. In both cases, prospects don't look good.

Labour is making a virtue of its 'fiscal prudence.' It says the UK cannot afford to borrow more and it has ruled out progressive wealth taxes to fund the public sector. Relying more on private finance to meet our core needs, fund infrastructure, and drive economic growth is attractive politically as the costs are kept off the 'state balance sheet.' But, as I will explain, this is a financial conjuring trick to conceal a false economy.

### Prospects for the NHS and public sector

Total public expenditure is around 45% of GDP<sup>4</sup>. Two thirds of that spending is on public services such as the NHS and schools. One quarter is on social security including the state pension. This may seem like a lot. But, don't forget that if the state didn't fund these core needs, citizens would still have to buy them in a market, for example, buying private healthcare, private income protection insurance and so on from private sector providers and insurance companies, which can cost us more – see below.

Both main parties are committed to the same targets on public debt. Labour would limit public spending. Those departments that are 'unprotected'<sup>5</sup> may well have to deal with significant real terms cuts to their budgets following years of severe cuts to the public sector under the Tories since 2010. The IFS says that a reasonable estimate is that unprotected budgets face cuts of between 1.9% and 3.5% *a year* (or between £10 and £20 billion by 2028–29).<sup>6</sup>

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<sup>4</sup> [What does the government spend money on? | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/what-does-the-government-spend-money-on/)

<sup>5</sup> Departments such as the NHS and defence have been protected from the same cuts as other unprotected departments

<sup>6</sup> [Public finances and the 2024 general election | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/public-finances-and-the-2024-general-election/)

Local authorities are at the front line of policy delivery. They have had a terrible time post the 2008 financial crisis with many councils seeing huge cuts to their funding during the worst of the austerity years. Both main parties have said little about funding plans for local government in the current manifestos. But, the IFS analysis concludes that unless spending pressures ease, the current fiscal environment and overall spending plans implicit in the main parties' manifestos means that further cuts to council services in England are highly likely.<sup>7</sup>

Based on Labour's manifesto, even the NHS would not receive the resources experts say it needs. According to the Nuffield Foundation, if the main parties' manifesto pledges were implemented, the period 2022/23 to 2028/29 would see the tightest and most sustained NHS funding squeeze on record (going back to 1979/80). Conservative pledges would result in annual real terms increases of just 0.4%, with Labour not much better at 0.5% a year.

By 2028/29, we would be looking at a £20-23 billion funding gap between the resources the NHS would need to meet its Workforce Plan and what the parties have committed to.<sup>8</sup> Nuffield describes claims that this gap could be met by productivity gains in the NHS as 'magical thinking'.

We need to be clear about this. Austerity is not over for large parts of the public sector and local authorities. The worst of the brutal cuts may have stopped but they are not being reversed.

So, what might happen to the NHS and the wider public sector with a new Labour Government? It seems like there are three possible outcomes. If Labour sticks to its 'fiscal prudence' stance, then the NHS and public services will come under further pressure with consequences for ordinary citizens.

Of course, Labour could be saying one thing in its manifesto but do something very different once in power and increase government spending on the NHS and public services. This would be good for services but it would be interesting to see what it might do to public trust in politics.

The third outcome is that Labour would make greater use of the private sector to deliver health and public services and greater use of private finance to fund these services.

Labour has said it would make greater use of spare capacity in the private healthcare sector to cut waiting lists. Labour has also said that it would protect the founding principle of the NHS that healthcare would be publicly funded and free at the point of delivery.

The NHS and private healthcare sector may be different but they do not exist independently of each other. The total amount of healthcare 'need' can only be met by the NHS and the private healthcare sector. There is a single pool of qualified health professionals in the UK almost all of whom are trained by the NHS. If there is capacity in the private sector it is because capacity is taken from the NHS. It is a zero sum game. Moreover, research has found that your chances of having an NHS funded treatment in a private hospital are lower if you're poor or from an ethnic

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<sup>7</sup> [What is the outlook for English councils' funding? | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/publications/1044)

<sup>8</sup> Gainsbury S (2024) How much spending on the NHS have the major parties committed to in their election manifestos? Explainer, Nuffield Trust [How much spending on the NHS have the major parties committed to in their election manifestos? | Nuffield Trust](https://www.nuffieldtrust.org.uk/analysis-and-commentary/how-much-spending-on-the-nhs-have-the-major-parties-committed-to-in-their-election-manifestos)

minority background than if you're rich and white.<sup>9</sup> So, using the private sector does not promote fairness and equity.

And if Labour allows the private sector to continue to cannibalise NHS capacity, then the remaining NHS may well be still publicly funded, publicly delivered, and free at the point of delivery – but it will be a smaller, publicly run NHS.

What about making greater use of private finance to fund the public sector? The financialisation of core needs and services is already happening under our noses. There are worrying signs that Labour is going to give private finance a much bigger role when it gets into government.

Private finance now plays a significant role in the social care sector, building social housing, and other public services. In effect, private finance has turned the provision of our core needs into just another form of asset from which to extract value – what the Financial Inclusion Centre calls *social sector assets*.

In the course of research for a project on 'social impact' finance,<sup>10</sup> Financial Inclusion Centre found examples of financial institutions promising to provide investors with returns of between 8-13% a year from investing in social housing.

It is a simple truth that the state can provide the necessary resources to fund our core needs at much lower cost than private financial markets. Financial institutions seek to optimise financial returns for owners/ shareholders/ investors. For example, if financial institutions are to be encouraged to invest in social housing, social care facilities, the provision of healthcare etc then they will seek a financial return above the 'risk free rate.' This is generally taken to mean the cost of government borrowing (the Gilt rate).

So, government has a choice. It could borrow money to fund progressive economic goals or it could turn to more costly private finance. We pay a *private finance penalty* when this happens – the difference between the cost of public investment financed through government borrowing and the high returns extracted by the private finance sector. It is right to use the term private finance penalty. After all, we need to use core health and public services. We are in effect a captive market for private finance.

The private finance penalty really matters. Using more costly forms of finance pushes up the costs of providing those core services. And, we shouldn't forget that Labour wouldn't even have to borrow to generate resources to fund the core services we need. It could introduce wealth taxes or could use quantitative easing (QE) style interventions. So, the private finance penalty can be even greater than the difference between the cost of government borrowing and the returns extracted by private finance.

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<sup>9</sup> [Helen Salisbury: With the NHS in crisis, why is Labour looking to private hospitals as the solution? | The BMJ](#)

<sup>10</sup> [Social Impact Finance | The Financial Inclusion Centre](#)

Private finance is not just more costly than state finance<sup>11</sup> it is not aligned with progressive policy goals. Financial institutions allocate resources (whether in the form of loans, investment, or insurance) to activities which generate the best return for shareholders and owners, not according to where the greatest need is. That is not a criticism of finance, it is just how markets work.

It seems economically illogical, if not immoral, for politicians who are supposed to represent the public interest to deliberately choose to use private finance driven by market principles, when alternative cheaper sources of funding are available. It seems all the more so when profit-maximising financial institutions are able to exploit the fact that the public sector and local authorities are under serious financial pressures due to the same politicians deliberately limiting access to public funding.

Yet, despite this, Labour does not intend to introduce progressive tax reforms such as wealth taxes or revaluation of Council Tax to generate resources to support progressive public policy goals.

So, as it stands, based on Labour's current approach, the public sector faces more real term cuts and a further reduction in its capacity to provide services. The alternative is that private finance will play an even bigger role in meeting our core needs with all that entails. Not much prospect of a progressive approach to meeting our core needs under Labour.

## Public and private investment

What about public investment to support progressive economic policy? Public sector net investment in the UK is only 2.1% of total government expenditure. The UK scores badly compared to its peers on total private and public investment. Public investment accounts for just 15-20% of total investment in the UK.<sup>12</sup> According to the IPPR, both main political parties plan to cut public investment which would put future growth at risk.<sup>13</sup>

Perhaps the most disappointing decision is that Labour's green investment plan has been massively reduced from £28bn *a year* over the term of the next Parliament to a *total* of £23.7bn over that period. It will instead rely even more on costly private finance to fund the green transition.

Labour would establish a National Wealth Fund. This would be capitalised with £7.3 billion over the course of the next Parliament. The remit would be to support Labour's growth and clean energy missions, and make 'transformative' investments across every part of the country. The NWF would set out to attract £3 of private finance for every £1 of public investment. Given the scale of underinvestment that has plagued the UK economy and, specifically, infrastructure the sums involved do not seem like game changing.

Labour says that it will 'work in partnership' with industry and the City of London to create growth and to fund core policy goals such as building core green and physical infrastructure,

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<sup>11</sup> Risk free rate taxes private finance tax .....

<sup>12</sup> [Public investment: what you need to know | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/publications/10000)

<sup>13</sup> [Rock bottom June24 2024-06-18-081624\\_arsv.pdf \(svdcdn.com\)](https://www.ipsa.com/rock-bottom-june24-2024-06-18-081624_arsv.pdf)

levelling up the regions of the UK, and expanding access to affordable housing (building affordable housing meets a core need but also stimulates economic activity). Wouldn't that be a good thing? Why should we care where the investment to deliver economic growth and infrastructure comes from?

It is one thing expecting corporations and financial institutions to make profits by investing in risky new ventures – if they take a risk they should quite rightly expect to generate a healthy return.

But, it is a very different matter when it comes to extracting high returns and fees from funding core infrastructure, regeneration and levelling up, and affordable housing. As with using private finance to fund core services, see above, there is a real financial cost to expecting private finance to fund progressive economic policy and sustainable growth.

Moreover, it is not just the *direct* private finance penalty we have to consider, see above. Financialisation results in a transfer of wealth to financial institutions and their shareholders/ owners/ investors. It exacerbates regional and wealth inequality.

Interestingly, the private finance sector not only wants to generate high returns by further displacing the role of the state. It is also looking for 'corporate welfare' if it is to commit more finance. This corporate welfare takes the form of financial incentives, 'de-risking,'<sup>14</sup> or deregulation to make these social assets even more commercially attractive for financial institutions. This is known as socialising the risk, privatising the rewards. Labour is willing to provide this corporate welfare to attract private finance.

By advocating greater use of 'de-risked' private finance to fund our core needs and economic goals, Labour is in danger of creating a new version of the controversial private finance initiative (PFI). Substituting more efficient and equitable public investment with profit-maximising, value extracting and rent seeking private finance is incompatible with progressive economic goals.

The party presents itself as fiscally prudent and responsible. Yet, using more costly private finance is not prudent or responsible. It imposes higher costs on households due to the demands for high returns expected by City institutions. It may keep costs off the state balance to maintain the illusion of prudence but this is a financial conjuring trick to conceal a false economy.

Overall, it is hard to see much that is progressive about Labour's approach to public spending and investment which gives the powerful City institutions, which now appear to have a grip on Labour's economic thinking, an even bigger role in citizens' lives.<sup>15</sup>

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<sup>14</sup> Where the state (us) underwrites some of the risk of investing for financial institutions. Interestingly, critics of public investment often say that the state can't 'pick winners', that is better to leave that to the market. This, of course, is disingenuous. Those critics are happy enough that the same state knows enough about financial risk and rewards to recognise potential winners picked by private sector financial institutions and be willing to risk public funds to support those investment decisions.

<sup>15</sup> Labour has established a British Infrastructure Council. The members of this new council are City firms that could stand to benefit from Labour's plans to limit public investment and expand the use of private finance [A dash for growth: the shadow chancellor prepares for government \(ft.com\)](#) Labour has also actively supported the Tory Government's financial deregulatory agenda and promises more deregulation [Labour promises to rip up red tape for insurers - Insurance Post \(postonline.co.uk\)](#)

## **Institutional reform and rights**

If we can't hope for Labour to deploy additional, affordable and low cost public spending and progressive public investment can we at least hope for a new government that might reform institutions and enhance citizens' rights?

As mentioned, pundits who assert that we can get the progressive policy we need without major public spending and investment should not be taken seriously. Nevertheless, institutional reform and introducing progressive rights can make a difference.

Covering all the crises mentioned above would need an entire book, so I can only focus on some of the areas where institutional reform is badly needed. These are: climate catastrophe; dysfunctional energy markets; social care; chronic poverty and economic insecurity; pension underprovision; financial vulnerability and exclusion, and dealing with the risks created by AI/tech/ big data; the dysfunctional housing market particularly the private rented sector; and citizens' rights. Again, it doesn't look as if there is a great deal to hope for.

### Tackling climate change

As mentioned, Labour has massively scaled back its green investment plans. It does say it will work in partnership to attract private finance to fund green goals. That capital will be much more expensive than state finance. Financial institutions will prioritise high returns over social obligations. Ultimately, relying more on private finance will push up the cost of the green transition adding to bills. Moreover, Labour is planning to 'de-risk' the investment for the private finance industry.

As well as massively reducing its planned green public investment, Labour has no plans to give financial regulators statutory duties to prevent the City from continuing to finance, at scale, activities which damage the environment.

Financial regulators have statutory duties to prevent: financial crises harming the economy; misselling to consumers; insider dealing; money laundering; and firms enabling sanctions evasion. This is quite right.

Yet, climate change is *the* existential crisis facing us. The City finances climate damaging activities that harm the most vulnerable communities around the world. The UK, through the City, exports climate damaging activities. It is a serious abdication of political responsibility to not reform financial regulatory institutions so they play a more active role in preventing climate catastrophe.

### Energy market reform

On the positive side of institutional reform, Labour has committed to creating Great British Energy. GB Energy will not compete with the privatised utilities to provide electricity directly to consumers. Instead, it will be a state owned investment vehicle with £8 billion of investment to help finance and build renewable energy infrastructure with a view to improving the security of the UK energy system and to reduce household utility bills.



It is a good concept in and of itself. But, we have yet to see any real detail on how this would work with the private sector – for example, will it underwrite the risks for private finance? GB Energy is a limited attempt at institutional reform particularly in the context of the massive reduction in Labour’s green investment plans. It is no substitute for bringing core utilities back into public ownership.

By way of comparison, the previous Labour administration legislated for the state backed NEST pension scheme which had a demonstrable positive impact on people’s pensions. NEST really shook up the grossly inefficient market of private pension providers. GB Energy is clearly not institutional reform on that scale.

The huge scaling back of Labour’s green ambitions and the range of problems in the UK’s energy sector supply chain<sup>16</sup> means that realistically GB Energy is unlikely to have a significant impact on the triple goals of transitioning to net zero, maintaining security of energy supply, and protecting vulnerable consumers and reducing household bills.

### Social care

On social care, Labour has said it would create a National Care Service. Sounds good? The reality is that without reforming the funding of social care, what Labour proposes would just be an overarching corporate brand for the existing underfunded, dysfunctional, fragmented *market-based* social care system. Whether people need access to social care (and end up having to spend their savings and assets in the private social care market) is like a form of Russian Roulette. Labour won’t change that. The proposed National Care Service is definitely not a social care version of the NHS, even if Labour is trying to create the impression that it is.

### Poverty and economic insecurity

To its credit, Labour has committed to a number of positive measures on fair pay. Labour has said it would make sure the minimum wage is a genuine living wage and would change the remit of the independent Low Pay Commission so for the first time it accounts for the cost of living. Labour would enact the socio-economic duty in the Equality Act 2010 and introduce a landmark Race Equality Act to enshrine in law the full right to equal pay for Black, Asian, and other ethnic minority people. It would also introduce the full right to equal pay for disabled people. It is committed to reviewing Universal Credit so that it ‘makes work pay and tackles poverty’. This is all good news if you’re in work and Labour’s gamble on economic growth - on which so much of its pitch to the electorate relies – pays off.

But, welcome as these measures would be, there are no plans to radically reform the UK’s inadequate social security safety net to provide real protection against economic insecurity and improve the quality of life of millions of citizens. Our current system does not provide citizens

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<sup>16</sup> To get a sense of the scale of the challenges that must be overcome to green the energy sector, see Brett Christopher’s powerful analysis of the sustainable energy market in his book *The Price is Wrong*. [The Price Is Wrong by Brett Christophers review – why capitalism can’t save the planet | Business and finance books | The Guardian](#)

with decent protection against the risk of losing their job or facing illness, nor provide a decent standard of living for citizens who are unable to work<sup>17</sup> or who have caring responsibilities.

Other countries which do follow progressive politics recognise that giving people a foundation of a decent collectively funded social security safety net can be empowering. Contrary to the myths about a strong state holding people and the economy back, a decent safety net provides dignity and a platform for citizens to plan for the future, fulfil aspirations, and even become entrepreneurial.

Rather than progressive reform of social security, if anything, Labour wants to continue with the same basic punitive approach to social security pursued by the Tories. It refuses to commit to abolishing the cruel two child limit on benefits.<sup>18</sup>

Even if Labour insisted on maintaining its self-limiting fiscal prudence approach, it could raise money for redistribution through progressive taxation policy for example by levying explicit wealth taxes or reforming council tax. A political party which protects the interests of the wealthiest in society over the needs of the most financially vulnerable cannot be said to be progressive.

With no plans for progressive, redistributive economic policies, don't expect any real attempt to deal with economic insecurity and if Labour's much touted economic growth promises fails to materialise, don't expect to see the living standards of the most financially vulnerable in society improve to any real degree.

### Pensions and poverty in retirement

One of few public policy successes of recent decades was the introduction of pensions autoenrolment and the state backed NEST pension scheme. This was legislated for by the previous Labour administration. This has significantly improved the numbers of people saving for a pension and transformed the private pensions industry.

Yet, much more needs to be done as, even with the much vaunted 'triple lock' on state pensions, millions of citizens face poverty in retirement because the UK state pension is not generous and they are unable to contribute enough to a pension fund to top up the state pension. Low income households, women, carers (mostly women), and the self-employed are particularly badly affected.

Labour could address this crisis of poverty in retirement. Government provides tens of £billions a year on pension tax relief. This disproportionately benefits the better off in society who already have decent pension savings.<sup>19</sup> This could be reformed and the savings used to boost the pensions of financially vulnerable groups.

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<sup>17</sup> For example, anti-poverty charity, Z2K, has developed reform proposals that would take the risk out of the system, provide genuine security for everyone receiving Universal Credit, and enable people to move towards work without fear of a sudden income drop.

<sup>18</sup> Recent research estimates that removing the cap would take 300,000 children out of poverty and reduce its impact on a further 800,000 children. [Two-child benefit cap is 'key driver of child poverty' in UK, research suggests | Benefits | The Guardian](#)

<sup>19</sup> The net cost of pension income tax and National Insurance Contributions (NICs) relief was estimated to be £48.2 billion in 2022. Fifty eight percentage of that relief went to people in the 40% and 45% income tax bracket. [CBP-7505.pdf \(parliament.uk\)](#)

Labour has said it will undertake a review of the pensions landscape to consider what further steps are needed to improve pension outcomes. But, it has ruled out reforming pension tax relief to boost the pensions of financially vulnerable groups. Unless the state directly boosts people's pensions or helps them pay more into their pension schemes, it is difficult to see the plight of the most financially vulnerable groups improving to any meaningful degree.

### Financial inclusion and resilience, and the impact of AI, technology, and big data

We have made almost no progress on building financial inclusion and resilience since the financial crisis in 2008. Fourteen million adults have less than £100 in savings to cushion against financial shocks. Nine million have no savings with a further five million having less than £100.<sup>20</sup> Millions lack even the most basic insurance.<sup>21</sup>

The main causes of financial exclusion are poverty and how the market itself works. Firms use risk based pricing to charge different prices to different groups. This disadvantages citizens on low incomes, with precarious incomes, or those considered to be 'high risk'.

I would argue that there is evidence of outright financial discrimination rather than just market driven exclusion in financial services. Research found that car insurance quotes were a third more expensive in some areas of England with the biggest minority ethnicity populations.<sup>22</sup> This research controlled for levels of crime and road accidents. This is not the first time concerns have been raised about potential discrimination. The financial regulator, the FCA, found that BAME households were paying significantly higher overdraft charges even though the FCA itself said that technological advances meant this pricing was hard to justify.<sup>23</sup> Citizens Advice research found a large 'ethnicity penalty'.<sup>24</sup>

The two areas where we have seen progress on inclusion have been where the state has intervened. People in the UK now have a legal right of access to a basic bank account due to EU legislation. And, as covered, the number of people contributing to a pension has significantly increased due to autoenrollment.

Are we likely to see any progress on the other aspects of financial inclusion and resilience, or discrimination? Labour has said it would develop a national financial inclusion strategy. This has been welcomed by many civil society groups.

But, without serious reform of the social security safety net, it is difficult to see how Labour will address chronic poverty and financial insecurity that makes financial services unaffordable or low income households unattractive for commercial financial services firms.

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<sup>20</sup> [One in six UK adults have no savings | Money and Pensions Service \(maps.org.uk\)](https://www.moneyandpensions.org.uk/news/one-in-six-uk-adults-have-no-savings)

<sup>21</sup> [Insurance gap penalises poor households - BBC News](https://www.bbc.com/news/health-56111111)

<sup>22</sup> [Car insurance quotes higher in ethnically diverse areas - BBC News](https://www.bbc.com/news/health-56111111)

<sup>23</sup> [FCA-CP18-13-Financial-Inclusion-Centre-submission.pdf \(inclusioncentre.co.uk\)](https://www.inclusioncentre.co.uk/wp-content/uploads/2018/03/FCA-CP18-13-Financial-Inclusion-Centre-submission.pdf)

<sup>24</sup> [Discriminatory pricing: Exploring the 'ethnicity penalty' in the insurance market - Citizens Advice](https://www.citizensadvice.org.uk/financial-services/insurance/ethnicity-penalty/)

Nor has Labour committed to giving the financial regulators duties to prevent discriminatory practices in financial services. There is no sign of a financial inclusion version of Flood Re<sup>25</sup> to provide affordable credit and insurance to people facing exclusion and discrimination.

So, I am not very optimistic that we will see much progress on building financial inclusion and resilience anytime soon.

The new threat that worries me most is the growth in the use of AI/ tech/ big data. Left to its own devices, this will exacerbate financial exclusion and discrimination, and manipulation of citizen-consumer behaviours. AI/ tech/ big data turbo charges the inbuilt tendency of financial services to profile, segment, and discriminate against 'less attractive' consumers. It makes it easier for unscrupulous firms to manipulate behavioural biases to sell unsuitable, exploitative products and persuade consumers to 'overconsume' credit – buy now, pay later is just the latest example.

Yet, again, Labour does not appear to be proposing significant regulatory institutional reform to protect citizens and consumers from the adverse consequences of the growth in AI/ tech/ big data.

By way of comparison, the previous Labour administration had a very ambitious programme of institutional reform. It set up the Financial Services Authority to prevent misselling to financial consumers, the Food Standards Agency to tackle the selling of dangerous or unsuitable foods, and the Competition and Markets Authority to tackle anti-competitive practices that harmed consumers.

### The housing market

Labour is making a big play about building new homes. It says it wants to build 1.5 million new homes over five years, create new towns learning from the great post war Attlee Labour Government, and increase the number of 'affordable' homes. It is a laudable ambition. Who knows if it will achieve this. Much depends on whether it can actually liberalise the planning system to the extent it claims.

But, looking more closely at the plan, it can hardly be called ambitious or radical especially when compared to the Attlee government that it says it wants to emulate. We don't know what definition of 'affordable' Labour would use. In today's overinflated housing market, even large discounts from market prices will still be unaffordable.

The most worrying issue though is how Labour plans to fund the building of new towns. Attlee's vision for new towns was delivered by public development corporations funded by government loans. In contrast, Labour hopes that private finance will provide the capital and private sector builders will build the homes. As explained above, private finance is much more costly than state finance. This will push up the cost of building these homes which by definition will make them less affordable.

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<sup>25</sup> Flood Re is a partnership between the Government and insurers to provide flood insurance for homes deemed to be at significant risk of flooding [Flood Re - A flood re-insurance scheme](#)

What about private renters? Again, it is a case of Labour promising some good things but on closer inspection the reforms not really being that progressive.

To be fair, Labour has said it will implement the ban on Section 21 evictions. It has also said it would end 'bidding wars' where prospective renters are encouraged to compete with each other to offer rents above the advertised rent. And it has said it would 'empower' renters to challenge unreasonable rent increases.<sup>26</sup>

Let us hope it honours the commitment to ban Section 21 evictions. On the bidding wars issue, Labour would not actually stop renters offering higher rents 'voluntarily'. So, in the fiercely competitive private rented sector, it is difficult to see this measure keeping a lid on unreasonable rents.

Moreover, it looks as if Labour has backed away from the idea of rent caps to protect vulnerable renters from exploitation as recommended by a report commissioned by the Party.<sup>27</sup> So, even if Section 21 evictions are banned, unscrupulous landlords could still force tenants out by imposing high rents.

Empowering renters to challenge unreasonable rents sounds good but we have yet to see any detail on how this might happen. How would renters be able to challenge, would additional resources be provided? This leads on to a more fundamental point about renters' rights. It is important to note that even if Labour did implement its proposals in full, renters would still have nowhere near the same robust consumer rights and or benefit from the type of consumer protection regime available to other consumers.<sup>28</sup> It is one thing having theoretical rights in law, but if they are not enforced it is not much help.

### Citizens' rights

Over the years, as a campaigner, I have witnessed significant improvements in *consumer* rights driven by very effective campaigns by consumer organisation and media scrutiny forcing politicians to protect 'middle England'. If you are a customer of a bank, insurer, or investment firm you now have robust rights established in regulation and the protection of well-resourced regulators and redress schemes.

You have nothing like the same rights if you are a 'customer' of the state for example in receipt of universal credit. Moreover, agencies who represent these citizens are under-resourced, which means their voice is not heard. This runs contrary to social justice theory which holds that they should have stronger rights and receive greater protection from regulators and agencies to level the playing field.

Consumer protection and redress schemes that cover regulated private markets and public services do not meet the needs of vulnerable or excluded citizen-consumers very well. Established

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<sup>26</sup> [Keir Starmer: Labour would pass law to end renter 'bidding wars' - BBC News](#)

<sup>27</sup> [Cap rent rises in England and Wales, Labour-commissioned report says | Housing | The Guardian](#)

<sup>28</sup> For an analysis of the rights and protection deficits facing private renters, see Financial Inclusion Centre's groundbreaking analysis [Consumer Protection in the Private Rented Sector | The Financial Inclusion Centre](#)

complaints and redress schemes are used primarily by better-off, more vocal, better informed consumers.

To compound matters, vulnerable households, unlike empowered, better-off consumers can have limited or no choice in their lives. If they face detriment/ harm there is little they can do about it. In the private sector, they have fewer opportunities to take their custom elsewhere. In the public sector, the idea of exercising choice for the most part just doesn't exist. In this case, social justice theory would suggest they should have stronger rights to compensate.

Overall, vulnerable citizens face a very real 'rights deficit'. If we want to improve human and civil rights, and tackle social injustices, then that will take a major upgrade to the rights and protections enshrined in legislation and regulation. It will also need regulatory institutions to maintain and enforce rights supported by well-resourced non-profit organisations to represent vulnerable and marginalised citizens. After all, if you are unable to enforce those rights then those rights are hypothetical. Yet, access to legal aid has been drastically reduced and funding to community legal advice centres has been cut due to squeezes on local government finances.<sup>29</sup>

A progressive party would address the rights deficit experienced by the most vulnerable in society. Unfortunately, there is no sign Labour would do this.

## **Conclusion**

Rather than attempting to analyse the entirety of Labour's manifesto, I have stayed with those policy areas I cover in my work professionally. So, can Labour's agenda be said to be progressive, ambitious, or radical?

As mentioned, in my 30 years of campaigning I cannot recall so many environmental, economic, public and social policy crises and future risks needing to be confronted at the same time. Progressive, ambitious, and radical government is even more important now given the number of huge crises we face.

We have been in even worse positions before and progressive, courageous governments rose to the challenge.

US President Roosevelt created the New Deal to deal with the effects of the Wall Street Crash in 1929, the terrible Dust Bowl, and to rescue the USA from the Great Depression. Central to the New Deal was Roosevelt's determination to take on Wall Street and to use the power of the state to intervene to protect its citizens.

Clement Attlee's great Labour Government in the face of the devastation caused by the Second World War set about using the power of the state to establish the NHS, expand social security, build affordable homes, and take into public ownership key industries needed to rebuild the economy and create a fairer, more prosperous society.

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<sup>29</sup> [A decade of cuts: Legal aid in tatters | The Law Society](#)

Those are prime examples of the state being used in the pursuit of truly progressive politics. What can we expect from the forthcoming Labour administration? It would be unrealistic and unreasonable to expect Labour to immediately tackle all of the huge crises facing the UK. Sadly, while there are undoubtedly some very welcome proposals in Labour's manifesto, it does not herald the emergence of a progressive government with the determination to tackle those crises. There is no sign that once established in power it will become an ambitious or radical government.

We are likely to see an economy and society in which, far from being curtailed, financial institutions will wield even more power over our lives. The NHS and public sector will continue to be denied the resources it needs. There is little reason to hope that we will see the state playing a bigger role in providing the social safety nets we need or meaningful attempts to tackle chronic poverty and inequality. On the greatest challenge of all, preventing climate catastrophe, Labour appears to be backing away.

The mood of 1997 when the Labour won was caught by D:Ream's uplifting song, 'Things can only get better'. On 5<sup>th</sup> July, what will the background mood be when Labour takes power? Will it be 'Things can only get worse but at a slightly slower rate'? Or, given the basic lack of difference between the economic policies of both main parties, should it be Bob Seger's 'Still the same'?

Maybe I am wrong. Maybe Labour once in power will not stick to the promises of 'fiscal prudence' and realise the need for greater public investment. Maybe it will change things. But, if it does go back on its manifesto, the document it stood for election on, what will that do to already hugely damaged public trust in politicians? We shall see soon enough.

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© **Mick McAteer** is an experienced advocate for economic and social justice, and writes here in a personal capacity. His work focuses on economic and social justice in markets and services; financial market reform; climate change and a just and fair transition; and the role of technology and data in society. He is Co-Director of The Financial Inclusion Centre, a UK not-for-profit which promotes financial markets that work for the environment, the real economy, and society and a director of Action for Financial Inclusion (AffI), a community interest company set up to turn policy ideas into action. He is on the UK Regulators Network (UKRN) Expert Panel. Previously, Mick was on the boards of the Financial Conduct Authority and Financial Services Authority. He was Chair of the European Commission's Financial Services User Group. He was with *Which?* for 13 years, where he led policy development on financial services and exposed the scale of the major financial mis-selling scandals, and led the work on the impact of choice and market dynamics in public services.

*Ekklesia* is an independent change network and think-tank, founded in 2002. It is based in Edinburgh, Scotland. It examines the relationship between beliefs, ethics and politics and advocates for economic, social and environmental justice and nonviolence. [www.ekklesia.co.uk](http://www.ekklesia.co.uk)