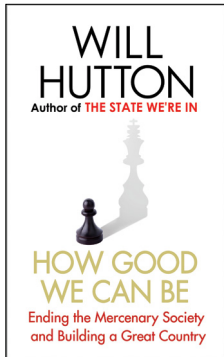


Book

We can do better in building society



**How Good We Can Be: Ending the Mercenary Society and Building a Great Country**  
 Will Hutton. Little Brown, 2015.  
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In late April, 2015, Baltimore rioted. To be more precise, people in the Upton-Druid Heights area of west Baltimore in Maryland erupted in fury at yet another police killing in custody of a black man. Police violence was the precipitant. The long-standing problem is inequality and Upton-Druid Heights is at the wrong end. Male life expectancy in Upton-Druid is 20 years shorter than in one of the smartest parts of Baltimore, Roland Park. Visiting both places, they may be in the same city, but that is about all they have in common. The one is affluent, with manicured lawns and gardens, children who go to college and mostly remain out of the clutches of either crime or the police. The other has houses with diagonal red crosses on the door, meaning that these properties have been condemned as unsafe and unfit for habitation, low rates of college attendance, high rates of poverty, crime, and violence, many young people who are not in employment, education, or training, and oppression by the police. Did I mention that Roland Park is mostly white and Upton-Druid mostly black? In the USA, socioeconomic inequality gets closely tied up with discrimination.

Many commentators have said that inequality is stretching the ties that bind us as cohesive societies to breaking point. In Baltimore, they snapped. As, arguably, they did in the UK in Tottenham’s urban riots of 2011. There, too, we had an area with deprivation and consequent shockingly poor health compared with London’s finest. I commented at the time that

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I do not think that ill health causes urban unrest, or vice versa, but that deprivation and inequality give rise both to poor health and alienation that has the potential to break out in urban unrest.

Will Hutton, writing about the UK, is concerned that inequality is at a tipping point. In his book *How Good We Can Be*, he writes with passion, controlled anger, and a good deal of evidence about the ills that beset British society in the second decade of this century. In his view, the UK has become a laboratory for a libertarian antisocial justice experiment based on neoliberal economics. The nation’s crisis of integrity has three guises. One is growing inequality

and fragmentation, a dramatic manifestation of which is to be seen in urban riots, and health inequalities.

A second guise is the organisation of our business and financial system. Hutton argues that the UK’s default position is that all economic and social functions are best in the private sector, even when providing public services; and the private sector has decided that shareholder value is the thing. Remember great British companies of times past. Cadburys built the model town of Bournville to house its workers; Lever Brothers built Port Sunlight. These were companies in it for the long term, with concerns for their workforce and positive impact on the community.

Now, says Hutton, it is shareholder value that drives companies’ concerns and this makes their outlook short term in the extreme. A British obsession with having utilities in the private sector leads to outcomes that ought to make privatising zealots squirm. Examples abound. Centrica, the privatised company that owns British Gas, formed a consortium with EDF, largely owned by the French Government, to replace the Hinkley Point and Sizewell Nuclear Power Station. Suspend judgment, for the moment, about whether nuclear energy is good or bad—at least it is not fossil fuel. The British Government gave guarantees of 10.5% rate of return for 35 years. Centrica claimed it was not high enough and pulled out, to be replaced by two companies owned by the Chinese Government. Hutton notes sourly that government ownership of enterprise is bad if it’s British but apparently acceptable if it’s French or communist Chinese.

Centrica was more concerned with its share price. After it pulled out of this deal, guaranteeing long-term returns, it spent £500 million buying back its own shares to support the share price, and thus



AFP/Stringer

the remuneration of its directors. The obsession with share price means that companies are not interested in building concerns with lasting value. British ingenuity and expertise is not being translated into successful companies with long-term perspectives. Hutton contrasts the British Imperial Chemical Industries and the General Electric Company with BASF and Siemens, the German chemical and engineering company equivalents. All have long proud histories. The two British companies have been traded, chopped up, taken over, and have now disappeared. BASF is the world's biggest chemical company, Siemens is Europe's largest engineering company.

Does any of this matter to those of us concerned with health? It does, in at least two ways. First, the imbalance in the British economy means a dearth of long-term secure jobs for well-trained people working in manufacturing industry. Such jobs are likely to be beneficial for health. Second, the British economy is in a vulnerable state, in part because its lack of manufacture leads to a yawning trade deficit. Such vulnerability translates into uncertain funding for vital social sectors.

Problems in the way we run our businesses have also contributed to inequality. Hutton acknowledges that trade unions in the 1970s behaved irresponsibly. But the balance has swung too far in the other direction. Weakening of trade union membership and power has led to around 5-5% of gross domestic product shifting permanently from labour to shareholders, and weakening of tenure of employment. Witness the rise of part-time work, replacing employed with self-employed workers and zero-hours contracts. Poorer workers will mean that work does not become the way out of poverty—a pressing concern in Britain. As Hutton suggests, "The main cause of stagnant or falling real wages is the new home-grown market

in throw away people", not the influx of migrants.

Hutton argues that the third guise of Britain's crisis of integrity is one of political philosophy: too many on the left fail to recognise the importance of great companies that contribute to a successful economy and society. Too many on the right fail to recognise the importance of the public realm and social institutions. An obsession with contracting out public services to private companies has resulted, says Hutton, in large government subsidies to the private sector. Total value of grants, subsidies, tax credits, and reliefs to British companies, including profits made by procurement companies, is estimated at about £85 billion annually. Think what else could be done with that money.

Having markets where they don't belong is neither efficient nor effective. Hutton points out that in transport, with 20 years experience of privatisation, it is possible to make a judgment. Where transport is under public ownership—TfL in London, Network Rail, East Coast Mainline—it works. But the more it is privatised and marketised, the less it works. The UK now has the highest rail fares in Europe. It is a poll tax on wheels. Cue concerns about markets in the National Health Service (NHS).

Good on analysis, Hutton is also passionate about solutions. We need a social contract based on a "trinity of distributive justice, social equity and inter-generational equity...Just as any revolution eats its children, unchecked market fundamentalism can devour the social capital essential for the long term dynamism of capitalism itself". That quote is not Hutton in his radical mode, but Mark Carney, Governor of the Bank of England. Hutton develops this theme. "Human beings associate in society and build public and social institutions that represent their collective aims, social purposes and human ambition, while sharing risks—not least in an effort to counter

brute bad luck, share brute good luck and show empathy one to another."

Here lies the solutions to the problems Hutton has diagnosed—a rediscovery that the social realm, recognising the basic need for fairness, should not be seen as a detracting from capitalism but contributing to its success. Hutton reprises a theme from *The State We're In*, his book of 20 years ago: the 30/30/40 society. 30% of the population are disadvantaged—unemployed, otherwise economically inactive, or with scraps of poorly paid work. 30% are in work that is marginalised and insecure. The advantaged are the 35% with long-term secure employment plus 5% in secure self-employment or long-term part-timers. We need to be changing those proportions. A first step is recognising the problem. A second, for Hutton, is implementing significant changes in the way corporations are managed.

In the UK, with an election just behind us, I ask myself three questions. Are Hutton's ideas raising fundamental questions about where our society is headed, and therefore worthy of debate? Does the fact that not everyone will agree make debate even more essential? Did we hear any of this discussion in the recent UK election? My answers are yes, yes, and, sadly, no.

Hutton has great respect for British society and great institutions, such as the BBC and the NHS. He is a little misty eyed about British irony, habits of gentle tolerance, self-deprecation, and predilection for queuing. For Hutton, we can be a great deal better than we are, but it will take a radical rebalancing of this libertarian antisocial justice experiment in which we have been engaged. The time to have that discussion is now.

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