

Bringing ‘securonomics’ down to earth

Frederick Harry Pitts

Renewal Blog, 28th June 2023

<https://renewal.org.uk/bringing-securonomics-down-to-earth/>

Attempt to engage someone in conversation about ‘securonomics’, the portmanteau term for Labour’s new vision of political economy, and at first they might mishear you. A sceptical friend thought I was talking about something called ‘SirKeironomics’ – to Starmerism what so-called ‘Corbynomics’ was to Corbynism, perhaps.

But while the phrase may be clunky the concept is clear, and represents the best-defined break between Labour’s economic policy under Rachel Reeves and that of both the Conservatives and past Labour governments. As set out in Rachel Reeves’s [recent paper for Labour Together](#), explored at a panel event in Parliament earlier this month, and [discussed by George Dibb](#) previously on the *Renewal* blog, it is Labour’s response to the changed world we live in, one that few of us may have wanted, but is nonetheless the only one we’ve got.

Insecurity is a key driver of contemporary political alignment, and securonomics speaks to what the philosopher Bernard Williams saw as the ‘first political question’: the responsibility of aspiring governments to show how they will ensure voters stability in a turbulent world. It also develops a coherent analysis of the economic implications of the geopolitical fracture emerging between two competing blocs, one organised around the US and Europe and another around China and Russia.

These two pillars are the foundation for a clear-sighted argument for Britain’s place as a strategic actor within this new cold war, as a producer of goods, energy and resources and a trading partner of trusted allies. The

need for a just green transition in the context of the climate crisis goes hand-in-hand with the need for greater self-sufficiency and ‘friendshoring’ against a backdrop of deglobalisation and war. This has particular relevance for areas such as minerals and metals, where China is the major producer of 12 of the 18 the UK considers ‘critical’ to sustainability and technological innovation.

Albeit at a different scale, securonomics sources inspiration from the ‘productivist’ or ‘modern supply-side’ economics that underpin President Biden’s Inflation Reduction Act in the US, as well as the strong geopolitical rationale used to justify it in a [recent speech by national security advisor Jake Sullivan](#). Reflecting how geopolitics has come to comprehensively shape economic policymaking, this ‘new Washington consensus’ sets out an alternative US-led model of world trade and economic governance confined to relations between liberal democracies and their allies.

Linking the global and the local, Biden’s agenda has so far successfully translated wonkishly technocratic policy thinking into tangible benefits for workers and communities at home in the shape of jobs and new business activity. Careful regional targeting of the available support may well represent a downpayment on the next election for the Democrats.

Securonomics in colder climates

Labour’s challenge is now to translate securonomics into local, concrete terms that can win the next election here, too. With Andrew Pakes of Prospect Union, I have been leading a Foundation for European Progressive Studies funded project for Progressive Britain on the [implications of geopolitical shifts for work and workers](#). Security has emerged as a key issue articulating across the needs of working-class communities, the national economy and the country as an actor on the global stage.

Through a series of roundtables with social democrats and trade unionists based in Germany, Sweden and elsewhere, we have sought lessons for Labour from countries with recent governmental experience of building

institutions that grant workers security in economies of a more productive or extractive character.

Across these conversations, there is one lesson relevant to securonomics that has stood out. This is that attaining security at the level of the economy as a whole does not always imply security at the level of individual workers or their communities. As the [academic literature](#) on securitisation shows, this is a feature, not a bug, of attempts to securitise parts of social, political and economic life. Where security is established in one area, a new insecurity will rear its head elsewhere, whack-a-mole style.

In aggregate, a ‘productivist’ agenda based on making, generating and mining might help secure the overall national economy against the headwinds of crisis, conflict and competition. But the Swedish and German approach has an in-built expectation that global trade and price dynamics, even within blocs of friendly allies, will always mean some churn of jobs and businesses in those industries that produce goods, generate power and pull resources out of the ground. Their governments take steps to put in place the social and physical infrastructure required to support strategic industries and the workers and industries that depend on them. This story often has a local and regional dimension, mirrored in the governance of the institutions constructed in response.

What this approach accepts is that security is not about making impossible promises to attain an end point of total stability, but about providing a platform for some measure of prosperity against threats and competitive pressures. Whilst the churn of political and economic life means that the whack-a-mole of securitisation will continue without resolution, global conditions create a situation where no real alternative to securonomics is possible. What is at stake is precisely how it is done.

Critical in Cornwall

From a UK perspective, we can consider critical metals and minerals as a case study. Although it went unmentioned in Keir Starmer’s speech on green industrial policy last week, the topic came up more than once at Labour

Together's event launching the securonomics paper. The sector symbolises both the promise and some of the problems of the policy platform that 'securonomics' implies.

A few days before the event at Parliament, I was down South Crofty, a tin mine in the Cornish constituency I grew up in and now live and work nearby. Along with Truro and Falmouth, Camborne and Redruth is one of a few Cornish swing seats with strong local candidates that are seriously in play for Labour at the next election.

South Crofty was the last tin mine in Cornwall to close in the nineties when prices dropped, and will likely be the first to reopen as tin prices are forecast to increase due to both demand and supply factors. Tin's centrality to soldering in a range of tech products, as well as auto manufacture, means that it is one of the most in-demand metals and minerals worldwide. However, 75% of production is based in East Asia with a vast majority of that in the strategically or morally problematic economies of China and Myanmar. There is no primary tin production in the EU and North America.

Cornwall's unique geological development has left it with one of the largest and highest-grade unexploited known tin deposits in the world, with several centuries of mining undertaken and permission to mine for several decades into the future. Once exploration, feasibility studies and dewatering of the flooded mine is completed, South Crofty's operator, Cornish Metals – which, despite its local name, is headquartered in Canada – aims to start production as tin demand hits a forecast high in 2026. Social and environmental considerations will help meet the requirement of manufacturers to embed 'clean' tin in their supply chains, although the dependence of producers on exporting tin to Asia for smelting and processing complicates this.

The 'social license to operate' that many Cornish operators are currently seeking emphasises 'local content' and in particular job creation. The work will be more technologically intensive than when the likes of my father last worked down mines in the seventies and eighties, meaning a far smaller workforce with different skills and degree-level qualifications. However, South Crofty promises to generate 270 direct jobs with an average salary of £40,000. There will be many more indirect jobs generated in the everyday

economy and skilled trades employed in servicing and supplying the mine. With the right pathways in place for local people to access opportunities for decent well-paying work, this should make a meaningful difference in an area marked by some of the worst deprivation in Europe.

Elsewhere in Cornwall, communities facing similar challenges sit atop reserves of other critical metals and minerals increasingly strategic to the UK and its allies. With the biggest deposit in Europe, estimates suggest that Cornwall alone could, under the right conditions, meet between a third and a half of the UK's 2030 demand for lithium, which will be crucial to the production of batteries as part of the green tech revolution. Copper will play a role in this too. In terms of the quarrying of construction materials, basalt is a crucial in much wave and wind power installations.

As well as having application in toolmaking and fusion technology, tungsten, meanwhile, is pivotal in defence production but saw its price rapidly decline as the last cold war's arms race waned. The Western effort to arm Ukraine against Russian aggression renews its importance as an alternative to depleted uranium. However, China and Russia are currently leading exporters, creating a gap for supply within the West. The UK-US Atlantic Declaration represents an opportunity for UK producers in Cornwall and Devon to be classed as a domestic source for US manufacturers.

Securonomics from above

With its long coastline for maritime and wind power, clear skies for satellite and aerospace activity and marine communications networks, this is not the first time that Cornwall's natural and technical advantages have rendered it well-placed to profit from a more dangerous world. For instance, during World War Two and the Korean War its tin reserves were highly sought after within the Western bloc, leading to an expansion of production akin to that predicted today.

But the industrial futures projected onto Cornwall having repeatedly failed to fulfil their promise, looking to the past also shows us some of the local

insecurities that emerge in the shadow of the search for national economic strength through trading advantage. Historically, tin mining was subject to global fluctuations in prices as producers in countries far away exploited new ore fields with new techniques. This placed mines in a constant cycle of opening, expanding, reducing and closing, with consequences for the workers and communities that depended upon them for a livelihood.

In some cases, the Department of Employment or its equivalent would step in to coordinate the reallocation of skilled workers to other industries. Likewise, where tin producers were in a period of expansion and factories or shipyards ailing, there would be support for redundant workers with the right skills to find jobs in mines expanding and exploring new ground. The capacity of the local or national state to offer such support has been largely emptied out in the UK, but the risks posed by dynamic markets in raw materials remain – the same could be said for markets in wind, wave and solar power.

Part of securonomics will inevitably be to derisk the investment environment for future industries. In some cases with the state will act as a partner or backer where there is a strategic rationale for securing a market in minerals and metals or wind and wave power. But the state also needs to put in place infrastructure – such as the grid capability Cornwall sorely needs to fuel mineral extraction and land offshore energy.

In order to ensure ongoing sufficiency of supply, the critical minerals and metals sector should as far as possible be strategically insulated from market dynamics, in return for taxpayers and communities taking a share of the rewards. Whilst high predicted prices currently reflect a shortage of producers in the West and elsewhere, as more come on stream prices will stabilise and could drop. Higher extraction costs could therefore create pressure on mines to suspend operation pending an upturn in prices, just as in the past. In some countries, like Australia, when conditions dictate that production is scaled back operators continue paying workers a partial wage so that the plant can maintain its license to operate when things recover. The furlough scheme provides a basis for thinking through how this might work in the UK.

This kind of support aside, there should be more thought given to where places like Cornwall and their extractive industries sit in value chains, with greater coverage of different functions itself a source of security. Just as lithium extraction needs to be complemented with battery production, extracting tin concentrate only goes so far without the capacity to smelt it and capture more of the value downstream. Collaboration with European partners like Germany will be necessary to avoid the geopolitical risks associated with dependence on China and other countries for processing. However, developing additional domestic capability in these stages of the value chain could help the sector secure itself against turbulence – and communities secure a greater share of the possible rewards in turn.

Securonomics from below

In this last respect, the top-down vision of *securonomics from above* will also need to be complemented by *securonomics from below*. Central to this will be derisking work for workers and their communities. Just as with derisking investment, this will create a conducive environment for workers to invest in the right skills and seize the labour market opportunities opened up by revitalised industries. But it also needs to re-establish a localised safety net for workers to endure the ups and downs experienced by geographically-specific sectors like tin mining in the past, and to make transitions into and out of these industries where necessary.

Further thought should also be given to apprenticeships in areas of mineral processing and associated trades. Operators exploring feasibility or seeking licenses face uncertainty about the long-term capacity to deliver on a full three- or four-year apprenticeship scheme. Public bodies and other providers should step in to guarantee apprenticeships and get ahead of skills demands in this sector and others – in the case of tin, the countdown to 2026 starts now in terms of upskilling and workforce training.

The social democrats and trade unionists we spoke to in Sweden and Germany had many valuable suggestions Labour can learn from in developing both ‘securonomics from above’ and ‘securonomics from below’. As regards the former, we see in both countries a commitment to

putting in place both the social and physical infrastructure, whether resettlement schemes, roads or refineries, required for sectors like mining to grow.

As regards the latter, our project has focused on one aspect in particular that Labour can learn from: Job Security Councils, or Transformation Councils. The Swedish and German structures are slightly different, but share in common certain key attributes, such as a specifically regional or local frame of reference.

They each serve to smooth over labour market frictions – either where workers are made redundant in one branch or industry and require support to seek employment elsewhere, or where a new branch or industry opens up and there is demand for labour which workers require support to take advantage of. Swedish mines, for instance, still face shortages of the skilled labour they require.

Moreover, the councils in each country are typically coordinated via social partnership between unions and employers, providing channels for training and reskilling to enable workers to switch jobs and prosper in the context of broader industrial and technological transformations.

If we are to have a stronger and more self-sufficient national economy based on making and trading, then this form of security requires that we safeguard workers against the vagaries of international markets in materials, energy and more. Security, stability, resilience – these are not bywords for stasis, but for the capacity to weather storms. What the Swedish and German examples recognise is that they require, counterintuitively, policies that have element of flexibility in empowering workers to adapt to change and upheaval.

Getting our hands dirty

Outlining how Labour will do this would translate the concept into a potentially election-winning pitch, bringing securonomics down to earth –

literally and figuratively. In the case of ‘job security’ or ‘transformation’ councils, this will require devolution of powers and budgets in areas like adult skills – going further than those proposed in the Level 3 devolution deal Cornwall recently rejected.

This could be associated with steps to ensure communities realise the value of the industries that exploit their natural resources, especially where local or national government provides firms and workers with investment or supporting policies. Labour’s mooted National Wealth Fund represents a potential starting point, although Cornwall’s particular status and the often complicated international ownership structures of the firms active in the mining sector may require something more specific.

Finally, bringing securonomics down to earth demands that those on the centre-left seeking a Scandinavian-style social democracy recognise how rooted that model is in resource extraction, and the substantial role the state plays in supporting, funding or profiting from the vertical integration of various stages of the metals and minerals value chain.

The jobs and industries associated with cleaner, greener energy in fields like solar and onshore and offshore wind rightly form a major part of Labour’s industrial policy. Moreover, it goes without saying that a Labour government cannot overnight recreate the conditions for the type of welfare and industrial relations systems found in countries like Sweden.

However, the experience of social democracies across the North Sea should show the party the importance of getting our hands dirty, too – making the best of a bad geopolitical situation by securing supply of the materials that make the world go around and the jobs and wealth that come with it.

Frederick Harry Pitts is a Senior Lecturer in Politics at the Department of Humanities & Social Sciences on the University of Exeter’s Cornwall Campus in his hometown of Penryn. With Andrew Pakes of Prospect Union, he leads a Foundation for European Progressive Studies/Progressive Britain programme on [the future of work in an age of insecurity](#).