

# THE WITHERING OF DEMOCRACY

The 'Thatcher Revolution' did absolutely nothing to reverse the continuing erosion of parliamentary representative democracy - in fact quite the contrary- and led to the rises of forces that threaten it today says Trevor Smith

Now well into my eighties, I am writing valedictory articles looking back over a life spent both as a political scientist teaching and researching about UK politics and as a political activist since my teenage years.

The combination of academic and activist was ideal for a Liberal such as myself. When I started out almost anything seemed possible and it felt one could contribute both as a scholar and as a citizen to the wider society.

Now, both options have severely narrowed. Political science is fast becoming obscurantist and far too 'mathematicalised' to attract all but a cabal of aficionados; this risks ceding the study of current politics, both here and abroad, to contemporary historians.

As with the study of literature, the self-selecting and introspective small group of 'deconstructionists' in political science address only themselves. It is an intellectual form of voyeuristic mutual masturbation.

When political economy, a traditional and well-established discipline that developed over more than a century and a half, gave way, first, to mathematical economics and then to econometrics, its utility was severely circumscribed. So *recherché* did it become, that it provoked a backlash among students and some academics who have been calling for a return to relevance that takes into account the realities and true workings of the economy: new texts are being demanded that address real-life experience. One may only hope that political science will do likewise and academic contributions will again attract larger audiences.

## WIDER CHAOS

The contemporary world of politics in the UK, and elsewhere for that matter, is now so bewildering it verges on the incomprehensible. Trump and Brexit are seen as the main and most recent illustrations, but both are just symptoms of the far wider chaos that besets us, the seeds for which were planted many decades ago.

Trump and Brexit are specific and identifiable, whereas more generalised troubles are not. Thus, mounting corporate greed, widespread fraudulent practices, buck-passing and sheer commercial incompetence are accepted as seemingly endemic facts of modern life.

These are regularly reported in the media but more holistic analyses are completely lacking. We are left shaking our heads in bewilderment at how these

things have come to pass. Definitive explanatory texts are conspicuous by their absence.

It was not always so. In his landmark text, *The English Constitution* (1867), Walter Bagehot distinguished between the 'dignified' and the 'efficient' twin elements of government to describe its operations. These categories can no longer be employed because what these two words connote are, in the current context, much too strong and anyway there's precious little 'efficiency' or 'dignity' left in contemporary Britain. Indeed, vocabulary continues to be drastically debased by malfeasance. 'Charity' and 'audit' used both to exude virtue; the former extolled benevolence, while the latter explicitly meant objective disinterested assessment. Recent scandals in the conduct of major charities and by auditors have violated these underlying assumptions to the considerable detriment of our language.

However, the Bagehotian device of a contrasting juxtaposition does retain its heuristic usefulness.

Thus, with regard to the conduct of contemporary public affairs, the terms 'intrusively dominating' and 'futile' may be nearer the mark in helping to describe the situation of the UK. The Cabinet, Parliament, the political parties and regulatory agencies would be among the contenders for inclusion in the 'futile' category.

The 'intrusively dominating' compromises what, borrowing from the USSR, I've previously termed the *nomenklatura* that has emerged. This is an amalgam of personnel from a variety of backgrounds that nowadays contrive to keep up some semblance of running the British state.

It is a hotchpotch of officials, management consultants, private sector moguls – including bankers, the occasional academic, and professionals brought in from the ranks of lawyers and especially accountants from the 'Big Four' cartel comprising KPMG, Deloitte, EY and PWC.

The Big Four have been a growing 'intrusively dominant' force in the affairs of state. But they would nowadays hardly merit the Bagehotian appellation of 'efficient'. For far too long they have traded on a reputation that is now completely out-dated.

Richard Brookes' recent book, *Bean Counters*, exhaustively chronicles how very far they have fallen short in the performance of their tasks. Failing to warn of incipient disasters (such as Enron and most recently

Carillion), picking up vast fees administering the bankrupt residues. Documentation of the failures of the Big Four continues. Barely a week goes by without new exposes. A glaring example was the National Audit Office report in June on KPMG's failures. Very belatedly, Bill Michael, chair of KPMG, has shown some awareness of the gravity of the situation but stalls at any widespread reforms of the kind that are needed. Very radical measures are called for but they are very unlikely to be forthcoming.

Regulation has become a major industry in itself. The overall numbers are disputed as to whether in the year 2017 there were 78 or only 61 regulatory agencies working and their running costs are difficult to fathom accurately. But the seven financial ones alone cost £1.2bn. Also, they have very high opportunity costs that seriously reduce productivity.

Furthermore, over the years none of the agencies have escaped strong, sometimes blistering, criticism highlighting inadequacies in their performance. They have been most reluctant to institute criminal prosecutions preferring to fine companies so that the penalty falls on the shareholders – a long-time enfeebled lot – rather than punishing the real perpetrators. Unlike the USA, where 10 chief executives have been incarcerated, the few UK convictions have been limited to relatively junior employees.

Chief executives are either fools or knaves: fools if they did not know when it was their duty to keep abreast; knaves if in fact they did but deny all knowledge. Benefit fraudsters, on the other hand, are invariably prosecuted for sums that are comparatively small beer.

The contrast is so stark: why has there been such a reluctance to prosecute the big, bad boys of business? 'Late stage capitalism' is being undermined not so much by its internal contradictions, as Marx opined, as by the wilful avoidance of free market forces by the captains of industry themselves; Adam Smith was nearer the mark in his admonition of businessmen corraling together.

## PRISON SENTENCES

The effective reform of capitalism requires the imposition of exemplary prison sentences in cases of major malfeasance which is most unlikely given the intrinsic self-protective nature of the nomenklatura.

How did all this occur? As I have argued in *Liberator* 389, the main factor has been the relentless decline in the up-front exercise of the twin principles of individual ministerial responsibility and collective Cabinet responsibility - both classic Bagehotian doctrines.

The decline began with the wholesale recourse to secondary (delegated) legislation that accompanied the growth in government activities. Perceptively and presciently, the then Lord Chief Justice Hewart, in *The New Despotism* (1929) railed against it but was dismissed almost out of hand by the subsequent Donoughmore Report (1932) as being anachronistic and failing to recognise the imperatives of modern government. While Donoughmore's judgement was largely accepted, it in no way invalidated the consequences that Hewart had pointed out, as history has shown.

After 1945 the advent of the Morrisonian public

corporations was a quite conscious major withdrawal from any direct ministerial oversight in the running of the nationalised industries.

The much-vaunted Thatcher Revolution did absolutely nothing whatsoever to reverse the continuing erosion of parliamentary representative democracy - in fact quite the contrary.

Thatcher did not reduce the role of government as is so often claimed. Commentators usually opt to emphasise her dogged determination rather than examine the actual consequences of her policies.

In fact, in four main ways, Thatcherism greatly exacerbated the effects of the longer-term tendencies already well under way in the reduction of front-line ministerial duties thus further undermining what once had been the conventional way of ordering public affairs.

First, for its part, privatisation of the nationalised public utilities did not restore free competition – it merely substituted a series of oligopolistic cartels with little or no exposure to market forces. Ironically, some of their major shareholders have turned out to be foreign state-owned industries.

Secondly, Thatcher's wilful 'hollowing out' of the civil service destroyed the collective memories of Whitehall departments which had been crucial to Bagehotian efficiency. The reduction in the senior cadre necessitated contracting hordes of management consultants to come up with quick fixes to knotty problems.

Consequently, these necessarily became one-off issues that could not contribute to the acquisition of accumulated knowledge as had happened in the past. Edward Bridges' paean to the Administrative Class, *Portrait of a Profession* (1950), according it with some of the traditional virtues of a religious order, came out just before these same virtues were about to be greatly eroded or even discarded altogether.

Thirdly, the wholesale selling-off of council housing at very cheap discounted prices to sitting tenants – again in the name of privatisation – secured an advantage to one generation at the expense of those to come. Under the rhetoric of advancing a 'home-owning democracy', it laid the foundations for a future housing crisis that has seen a large rise in homelessness together with an unprecedented increase in the proportion of rented accommodation which meant a corresponding decline in home ownership. All this is documented by John Broughton in *Municipal Dreams: The Rise and fall of Social Housing* (2018).

Fourthly, taking "private = good/public = bad" as the main axiom of government policy (based on little or no hard evidence) led to the articulation of TINA ("There is No Alternative"), which by definition seeks to preempt political debate: the intention couldn't be clearer. TINA was the apotheosis of Thatcherism and says it all.

The ultimate result of the Thatcher Revolution was to usher in a very high degree of authoritarianism which could and did at times verge on totalitarianism. This, in due course, was to sow the seeds of devolution and later the rise of populism.

One obvious illustration of this was the introduction in 1989 of the Poll Tax to replace the local rates. Knowing it risked great unpopularity, it was introduced as a pilot scheme in Scotland. This immediately provoked total animosity and widespread

rioting throughout the UK and was swiftly abandoned by John Major.

The Poll Tax controversy had two results: the lack of any real prior public discussion highlighted the counter-productiveness of TINA, while using Scotland as a test-bed sparked off an independence/devolutionary upsurge which would prove unstoppable. Thatcher's approach had led to a seemingly endless one-way road, congested with lorries all labelled TINA. Inevitably, it proved unsustainable.

The riots were a portent as populist feelings were beginning to surface. Major was more moderate in his approach, though he proceeded with a privatisation of the railways which occasioned one of the worst of all the de-nationalisations. His successor as prime minister, Tony Blair, caught some of the new prevailing public mood with his advocacy of the so-called New Labour programme. It was more rhetoric than substance but conveyed an approach that gained wide appeal that secured him three consecutive general election victories.

Looking back, the maladroit invasion of Iraq and the effects of the 2008 banking and financial crises now colour this interpretation so that in its way New Labour postponed rather than reversed the longer term trends that had been at work since WWII.

In 2010 the succeeding Tory/Lib Dem Coalition was a stark manifestation of a growing mood in the electorate as was further evidenced in David Cameron's very narrow majority in 2015, feeling increasingly menaced by Nigel Farage's Ukip tactics on Britain's continuing membership of the EU.

Farage played heavily on what he saw as increasing populist dissatisfaction. In its way, this populism helps put politics and public sentiment back into government decision-making that had been increasingly attenuated over the previous 60 and more years. The accusation that London-based elites had usurped the directing of affairs of state was not without foundation.

Cameron was being driven into a corner by Ukip and he attempted to turn populism to his advantage by having recourse to a referendum over remaining in the EU. To the surprise of himself and most people he lost and resigned forthwith. Henceforth, Brexit would dominate the political agenda.

His successor, Theresa May, having declared she would not, could not resist resorting once more to 'normal' politics by calling a snap election in the hope of increasing the thin Tory majority. This ploy also failed, she lost seats and now has to depend on a tenuous pact with the Ulster DUP's 10 MPs to stay in office. Like many other western democracies, the UK internal politics are very precarious, of which continuing ministerial resignations are a part, and decisions on Brexit postponed and no firm policies have emerged as to the future. Will Brexit ever happen?

## **BREXITEERS' PARADOX**

At this point there is a paradox to emphasise: the Brexiteers proclaim they want all government powers to be repatriated to the UK and to assert full national sovereignty (as if this were remotely possible in the modern, multi-national world).

But it has become increasingly clear, they don't want a return to full Parliamentary sovereignty, but rather a re-enforcement of power with 10 Downing Street at the centre. Part and parcel of this aim is to attempt

also to claw back some of the powers that had been devolved to Belfast, Cardiff and Edinburgh. None of this augurs well for the renewal of a more vigorous democracy in the UK which is so desperately required.

What will eventuate? It would not be surprising if in the short term there may well be a greater recourse to plebiscitary politics. There may be yet more calling of referendums, both local, regional and national on specific issues. Controversy, inaction and hesitancy would ensue.

There may also be a move towards hypothecation whereby taxes are imposed to pay for a specific area of policy which could not be subsumed into any others. A variation of this can be seen in the introduction of a 0.7% of GDP to pay for overseas aid.

More directly and recently, there have been growing calls for a hypothecated tax to pay for the NHS. A diluted version is to be seen in Boris Johnson's claim that money previously paid to the EU would, after Brexit, be allocated to the NHS. May later reiterated this when trying to gain support in the Commons for her Brexit policies. Although financially dubious according to the Institute of Fiscal Studies, Johnson and May are resorting to plebiscitary-type rhetoric. Such schemes and verbiage, by their very nature of course, increase the difficulties for the overall governing of the country.

There may be some compromise by seeking informed debate on proposals by employing such devices as citizens' juries which have been utilised in Oregon and, increasingly, elsewhere.

Citizens' juries are demographically representative panels convened to consider and debate particular major public policies such as capital punishment, divorce provision, taxation and the like. Held over a number of days expert proponents and opponents are called to present evidence and to undergo cross-examination after which the jury is invited to vote. Their verdicts can, in turn, be taken into consideration by municipal, regional or national legislatures to guide their policy deliberations. Such juries may be regarded as useful additions to the methods of participatory government.

Another recent development has been the institutional provision for indicative changes. One of Cameron's more lasting reforms has been the creation of the Behavioural Insight Team or Nudge Unit as it is more colloquially known. Created within the Cabinet Office in 2010, it became part-private in 2014. It seeks to persuade both corporate and individual behaviour to move in new directions deemed desirable by governments. It has laid claim to a widespread series of successful initiatives. It has offices around the UK and abroad and charges for its services. While lacking formal democratic powers it is not directive, seeking to persuade by reason and evidence how ways of doing things might be improved. As such, it is a useful adjunct to democratic rule but not a substitute.

As I concluded in *Anti-Politics* (1972), what is needed is "to create conditions for politics which are radical in temper but classical in form". That hasn't happened in the intervening 46 years and it remains very unlikely. However, without it western democracy will likely increasingly give way to a more Chinese People's Republic model of managing the state.