

“Revitalising Politics: have we lost the plot?” – Chris Huhne
Hansard Society Speech
5 November 2008

This afternoon, I could cite reams of statistics about falling turnout, declining party membership and rising disillusion, but I am going to take that as read. Our system is failing because it no longer engages our citizens. The problem is, at root, simple. First, people ask whether the political system matters to them. Many people increasingly answer no. This is partly because the great ideological battles of the past have disappeared, but it is also because the system increasingly lacks a human and local dimension. Secondly, people ask whether they can have any influence, or whether the system will go ahead with a pre-ordained outcome whatever they do. It does things to us, not for us or with us. Thirdly, and closely related to the second, people ask whether anyone cares about them. Reciprocity we know matters in society. If no-one cares about them, why should they care about politicians?

The ideas that I put forward are designed to address these fundamental problems. A genuine commitment to localism matters intensely, because people need to identify someone from their locality who is a route into the political system. The second key condition of improvement is that the elected person known by the voter actually has the power to change things that matter. And the third condition is that the elected official should be chosen by a system that provides a constant incentive to serve the voter: to explain, lead, guide, argue, cajole and bring on board the citizen in the political process. Democracy will revive from its roots. And the roots of democracy are local and active leaders. We need local people with power to change lives who care about their community. We therefore need to work on all three parts of that injunction. How do we attract local leaders? How do we give them more power? How do we focus them on the concerns of the voter?

1. The importance of the drive for Localism

For Liberal Democrats, localism is not a fad or a gimmick, but part of our belief that power in a free society should be exercised as closely as possible to those affected by it. Localism is a key part in revitalising the political process and progressive politics – the decentralisation not just of management decisions but of political responsibility to a human scale where voters can once again identify – and complain to, or praise, or boot out – decision-makers in their community. Local power will attract local leaders, and will in turn engage local voters.

The contrast with the other parties is marked. Margaret Thatcher brought about a huge centralisation of power because of her fear of socialism: if the Greater London Council offended, abolish it. If the boroughs put up rates, cap them. Enormous damage was done to local government and local responsibility: as local councils increasingly became agents of central government’s decision-making and targets, they in turn became less and less attractive to people of talent and drive.

Nor did the fundamental trends reverse under new Labour. Yes, the Government gave away the devolved powers that it had to in Scotland, Wales and London – areas it thought of as Labour heartlands – but instinctively opposed localism because of a fear

of inequality and loss of control. Under Labour, yet more council spending is subject to ring-fencing by central government. The room for local discretion has faded further.

This instinctive scepticism against giving power back to local people explains why the Communities White Paper launched by Hazel Blears this summer focussed on giving away doughnuts or the chance to win an i-pod. But these headline grabbing gimmicks totally miss the point – that real engagement between people and their local representatives and councils can only come about if those bodies are seen to have substantial local powers, both to run important public services and to raise and lower discretionary taxes.

This hits at the heart of the problem, and one this government has been unwilling to address. The 94.4% of all tax revenue that goes through Whitehall is the highest proportion of tax going through a central government of any EU state except tiny Malta¹. On average in the EU the figure is a little over half. By comparison with other European and North American democracies, we are centralised leviathan. Whitehall gathers power to the centre, and the instinctive reaction to failure is more centralisation, more targets and more control.

The steady erosion of the power and prerogatives of local government in this country under successive governments has destroyed the vital first rungs on the ladder of electoral participation. Probably the most definitive study of the political process ever produced was the Norwegian *Study of Power and Democracy*, which found that the centralisation of powers in Oslo had undermined the link between the voter and the political system. Local politicians were increasingly unable to deliver what local people wanted and expected. The consequences for disillusion are clear and profound.

Michael Wills spelt out the essential new Labour attitude more clearly than most in a speech to the Fabian Society last year: ‘I urge you to approach terms like ‘localism’ with scepticism. It will mean a reinforcement of inequality in this country.’² In other words, most Labour politicians believe localism to be inimical to the core value of their party. However, the evidence from both public services and inequality of incomes suggests Wills is wrong.

During the last parliament I chaired the Liberal Democrats’ Public Services Commission. We investigated this very issue, looking at the experience of healthcare in Denmark, which like the UK has a tax-funded and largely free at the point of need system. It has the most highly rated health service according to the satisfaction of the people who use it. Unlike the UK in a population of 5.5 million Denmark then devolves healthcare to its 14 counties and 2 cities. Yes this means that local counties innovate and delivery may differ from region to region. The truth is that Whitehall cannot deliver in a system with such a long chain of command – just look at the post-code lottery we have today.

¹ Taxation trends in the European Union, June 2007, Table B1.T.

² As reported in *The Times*, 18 September 2007, Public Agenda 2.

Last year I published an essay looking specifically at the charge that localism leads to inequality³. I looked at income inequality in developed countries (members of the Organisation of Economic Cooperation and Development) – as measured by the Gini coefficient – against a measure of centralisation. This was the share of tax revenue going through central government. If Michael Wills and the old Fabian centralisers were right, there would be a clear association between central government funding and equality. In fact, there is a modest trend line to associate decentralisation with greater equality. The messy truth is that there are centralised unequal states like Britain, decentralised unequal states like the United States and decentralised and more equal states like Germany or Sweden. There is simply no relationship between the degree of centralisation and the degree of equality.

Yet decentralisation can have powerful effects in reconnecting people to their democracy – as the Norwegian study suggests – and in improving public services. By letting go of central control, innovation can flourish. The result is not just better services, but services where the outcome is what the decision-takers designed. Indeed, the outcomes paradoxically may even be more equal as local decision makers are held up against neighbouring areas and held genuinely to account by their communities. Just look at the example of Scotland or Wales, where free eye and dental checks, free personal care for the elderly and the abolition of tuition fees have put pressure on the Westminster government to deliver the same.

The trend that the position paper has commented on of politicians giving power away to more and more appointed boards and quangos is a phenomenon of our age. As we often seem in a post-ideological age, the instinct to delegate to arms length professional managers is tempting. There are of course cases where this is the right thing to do. But it is absurd that there are double the number of government quangos – or non-departmental public bodies to use the lexicon⁴ – spending tax-payers money than there are local authorities. Over 950 quangos and only 434 local authorities.⁵ And to think the French have over 32,000 elected mayors.

So how do we transfer these powers back to democratic bodies? There is no doubt we need a cull of the quangos in order to hold local decision makers to account when things go wrong. In an ideal world the focus should be on giving existing councils greater powers – including the right to raise revenue and vary local income tax. But where the structure of public services runs across many council boundaries - such as with health boards or police forces – we should introduce directly elected representatives so they have democratic legitimacy. If we are to give local bodies tax raising powers – and I believe we must – then they must be democratically accountable. No taxation without representation. It may be an old idea, but it is just as relevant today.

The first step in revitalising our politics must therefore be to have nothing less than a revolution in the way our public services are delivered, with real local control. In the

³ Chris Huhne: “The case for localism: the Liberal narrative” in “Reinventing the state” eds Duncan Brack, Richard S. Grayson and David Howarth.

⁴ 835 in 2007

<http://www.publications.parliament.uk/pa/ld200708/ldhansrd/text/71218w0003.htm#07121851000227>

⁵ http://www.statistics.gov.uk/geography/geographic_area_listings/administrative.asp. Does not include 41 counties.

consumer driven society that the conference position paper identifies we need to rethink the way the 'market' operates in politics. When people can see real differences in the services local politicians provide in different areas a real choice can emerge. Those that meet the expectations of voters will be rewarded with re-election, while those who fail will be unceremoniously – and rightly – turfed out.

2. Re-engage people in national politics

Until now, I have talked about the importance of decentralising power. But it is also crucial that the political system at both local and national level should be as competitive and engaging as it can be. Politicians need constant incentives to focus their attention on their electorate. The electorate have to be able to hire and fire. That is why marginality is the key to success. We need a system that makes every seat a marginal.

i. A fair election system

Politicians need to be kept on their toes. For far too many people voting in far too many seats, their vote is effectively wasted and can have little impact on who ends up inside an elected body whether the council or Number 10. In the confrontational world of our first-past-the-post election system Labour and the Conservatives, compete for the votes of less than a million key swing voters in marginal constituencies. Most MPs have seats that are meal tickets for life.

We need a fair voting system, so that your vote counts wherever you live. Electoral reform is about forcing all parties to fight for every vote in every part of the country, so that the votes of the poor and disadvantaged – and the votes of those badly served by government – are heard as much as the votes of the well-off and comfortable. If national politicians are seen as being out of touch with voters, and do not reflect their concerns, it is no wonder that turnout dips. The government's own report found that turnout in countries with proportional systems was on average 5% higher than in first-past-the-post systems. It is not rocket science.

However, we cannot be indifferent between rival systems of proportional representation. The Irish system – the Single Transferable Vote now also introduced for Scottish local elections - turns every seat into a marginal seat. Members of the Dail in Dublin are as likely to lose their seats to a member of their own party as to a rival party. When candidates and parties have to compete for every vote in every seat they are forced to engage with voters they currently too often take for granted. A proportional voting system is not a magic bullet, but without it we have little chance of reforming our broken political system.

ii. Get big money out of politics

Then there is money. Yesterday was the culmination of the most expensive Presidential election campaign we have ever seen. Over a billion dollars was spent over a campaign lasting almost two years. By comparison the cost of our elections in the UK may seem small, but they are still significant. The huge bulk of the cost of campaigning in elections is funded by a small number of wealthy individuals, big businesses and the trade unions. We need to get the big money out of politics so that it

is the breadth of your support not the depth of your wallet that decides the result of our elections.

The recent scandal over what was or was not said by George Osborne and Peter Mandelson while on a Russian billionaire's yacht off Corfu has merely served to increase the detachment voters feel from the political process.

As a start the government must not allow the Conservatives to veto the proposals that resulted from the cross-party Hayden-Phillips talks. The government must use the Political Parties and Elections Bill to introduce tough new legislation capping donations above £50,000. We should introduce a cap on spending of £100 million on party expenditure over lifetime of a parliament. We should ensure transparency by banning donations from companies controlled by impermissible donors. And we should stop trade unions from bailing out party overdrafts by clearly separating yearly affiliations from one-off donations – which would be subject to the cap.

3. The path to reform

So how can we achieve these changes? You do not have to be a veteran of inter-party negotiations to realise that professional politicians are not first in the queue for change. If we are to have a reform that is and is seen to be independent of all the vested interests, and which stands some chance of representing the people, then let us give people a say in how they are governed. I'm not talking about the consultations in the so called Constitutional Renewal Bill, but which is – as Professor Bogdanor has identified – merely a 'shifting of the institutional furniture'⁶ with questions like how often should we raise the British flag over government buildings.

What I am proposing is a true UK Citizens Assembly, appointed by a random selection process and made up of 200 or so citizens who agree to serve and come up with an electoral system to revitalise our democracy. The Assembly could sit for a year, taking evidence from other members of the public as well as with experts and stakeholders. All political parties should agree at the start that the recommendations should be put to a referendum, and a clear timeline agreed.

I can already hear the cry from the political classes going up – “it won't work!”, “people don't care!” “If people don't even vote, how can you expect them to join a year long assembly?” Yet again the experience suggests otherwise. In British Columbia only 1 member out of 161 dropped out over the year. In Ontario it was the same. In the Netherlands it was only 4%. Given a chance to make a real difference to the politics of our nation ordinary people will step up to the mark. We should trust them to do the job where mainstream politicians have failed.

Such citizens' assemblies really can work. In British Columbia an assembly of 160 citizens recommended the implementation of the Single Transferable Vote. A Province wide referendum in 2005 endorsed the proposals by 58 per cent. It fell just short of the 60 per cent threshold the provincial government set, but will be reintroduced next year and stands a very good chance of becoming law.

⁶ Professor Vernon Bogdanor speaking at a British Academy event, quoted in p. 1, *Revitalising Politics: Have We Lost the Plot?*, by Hay, Stoker and Williamson.

Conclusion

We cannot revitalise politics with offers of sweets at the ballot box or a singing and dancing voters-win-prizes gimmicks. Compulsory voting would merely turn the reluctant into the resentful. We cannot revitalise politics if our vote makes no difference to which party wins, and our local councillors have no power to follow through on their promises. But by leaving our partisan interests at the door, muscling up a little bravery and putting our trust in the people I believe we can change the way our country runs for the better.

ENDS