

# Beyond our failed democracy

Mark Braund looks forward to the retirement party for the caretaker managers of a failed prototype democracy

IT MUST be a long time since mainstream politics was so bereft of ideas. People are turning away from the ballot box in their millions having lost all faith in the ability of politicians to address the mounting problems facing society and the planet. This has led to talk of a democratic deficit, but the real cause of the political malaise is a profound deficit of economic understanding.

Although politicians are never slow to take credit for perceived economic successes (which these days only ever amount to staving off the inevitable downturn for another year) they generally consider the economy beyond their remit. Having settled on a particular set of economic arrangements, the modern politician prefers to concentrate on other issues. What nobody seems to have grasped is that every issue has an economic dimension, and that none of the most pressing has a solution without changes to the economic structures and institutions that underpin society.

For more than a century now, mainstream economics has gone about its work in a determinedly value-free fashion, choosing to ignore the obvious connections between the way the economy is configured and the kind of society we live in. It has been left to politicians to take measures to protect the social fabric from an economic system set on tearing it apart. It would have been far easier if, in the aftermath of the industrial revolution, steps had been taken to level the economic playing field so as to provide genuine opportunities to all citizens. But at least, through the welfare state, it was possible to address the direct social consequences of the economists' neglect.

The welfare state grew out of a common commitment among politicians of all parties to the ideal of a just society. If democracy was unable to mount a serious challenge to the root causes of centuries-old inequality, then at least politicians could speak up for the interests of those of their constituents not well-served by the economy. By contrast, and against growing evidence to the contrary, today's politicians insist that current economic arrangements offer the only chance of delivering wellbeing and security to all. In a world dominated

by a monopoly-controlled media with unprecedented influence, politics has gone the way of economics: hijacked in the interests of minority wealth and privilege.

What does this mean for the prospect of building a more inclusive and sustainable world? If economics holds the key to a just society, but practitioners of the dominant neo-classical model glibly accept a raft of assumptions which bias their discipline in favour of minority interests, and if representative democracy is unable to challenge the prevailing order, then the outlook would appear bleak.

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On the other hand, the failure of economics, and growing apathy towards politics, could provide an opportunity. If sufficient numbers were persuaded that change is possible, and that continuing social injustice is not a consequence of having reached some natural limit on progress but of our failure to challenge minority interests, then a revitalised economics could inform a new politics adequate to the challenges of the twenty-first century.

Today, there are three major threats to society: climate change, the growing gulf between cultures, and deepening poverty amid unprecedented wealth. These three can only be tackled in concert, and then only if economics and politics are transformed to serve the interests of all citizens, including those yet to be born. Fortunately, a great deal of

theoretical work in opposition to neo-classical theory has already been completed. The legacy bequeathed by Adam Smith and David Ricardo is honoured in the work of many brave individuals who recognise the centrality of economics to questions of social justice.

Notwithstanding the absence of an authoritative set of contemporary academic texts, I believe a viable alternative economics already exists. It may lack a name, and it certainly needs a great deal more exposure, but much of the ground work has been done. We already have the requisite theoretical understanding. The challenge now is to use it to galvanise the political landscape in pursuit of a more just and sustainable global society.

Today's political and intellectual context is quite different from that of a century ago. Despite the best educated citizenry in history (or perhaps because of the means by which it has been achieved) it is unlikely that two million people will read and be inspired by a book about economics, as they did in the decades following the publication of Henry George's *Progress and Poverty*.

Despite his great publishing success, George ultimately failed, in part because he misunderstood the political landscape of his time. From the industrial revolution onwards, despite great depressions and catastrophic wars, there were palpable signs of progress in many parts of the world. Many people experienced direct benefits; and for the rest, rapid social change held out the possibility of improvements in living conditions which had endured for generations. Patchy though it was, this progress not only made people more ambitious for themselves, it also gave them a new sense of moral aspiration for society. Those moral aspirations have continued to grow. But a flawed economic system has proved quite unable to fulfil them. This is why there is such disillusion at a time when technological advance should be solving many historical social problems, rather than creating new, planet-threatening, ones.

Although drawing on the same understanding of economic laws that inspired George, a new economics for the twenty-first

century needs to present itself quite differently. It must not give the impression of being against the landowner, for too many people today have a stake in land through home ownership. Instead, it must make the moral case against all forms of unearned wealth. Certainly this includes wealth derived from land rent, but it also includes the unearned income from speculative investment, and the riches enjoyed by those who benefit from a system of debt-based money creation which strangles economic opportunity so that only a few may benefit. Each of these three mechanisms continually tip the balance of wealth and power in favour of a small minority – in the process denying a fair chance in life to millions. A just society is impossible as long as unearned income is permitted.

The second focus of a new economics must be sustainability. The planet's natural resources are sufficient to sustain human populations in security and comfort for generations to come, especially considering that improved economic justice and attendant reductions in poverty are universally observed to lead to more manageable population levels. But we must end our obsession with consuming energy-hungry non-essentials, and reverse the processes by which people in less-developed countries are being seduced by the dubious promises of consumer culture. Again, much of the theoretical work on reconfiguring the economic system to ensure the sustainable management of our planet's resources has been done.

Success in today's politics is impossible, we are told, unless ideas can be communicated in ten-second soundbites. But soundbites do not have to be devoid of meaningful content; they can be based on sound economics and a clear moral vision. Here are a few examples that might appeal to the millions of people worldwide who are increasingly dissatisfied with the quality of their lives, and frustrated at the direction of social change: 'Increasing consumption is not making us any happier'. 'Individual liberty counts for nothing if you can't afford to clothe, feed and house your family'. 'An economy which delivers vast unearned wealth to a small minority is condemning billions to poverty and many more to lifelong insecurity'. 'Give everyone access to genuine economic opportunities and we could all pay less tax'. 'In an economy driven by competition, there will inevitably be as many losers as winners'. 'Under current arrangements, economic success requires us to destroy our planet's capacity to sustain life'. 'Increasingly, all societies are facing the same problems; these problems can only be addressed on a global scale'. Seven simple messages, none of which takes more than a few seconds to communicate. Obviously they will

have to be rigorously defended from those whose interests are served by the *status quo* they already strike a chord with many people.

But what political platform is available to these messages across the main political parties in the UK are fatally constrained to a left/right world view which should now be treated only as caretaker managers of a failed prototype democracy, while grassroots activists and campaigners articulate new global politics to us forward.

There are two ways this could happen: through the emergence of a new political party (just as Labour emerged to eclipse the Liberals nearly a century ago) or a clearly articulated movement and political philosophy based on universal justice and sustainability; or, through a global grassroots movement which makes use of existing political structures to lobby for towards the same ends. Such a movement already exists in the shape of the International Simultaneous Policy Organisation, which offers an alternative based on a set of local-to-global democratic decision making fora, and addresses the problem of first-mover

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