

Department of Politics

# How and How Not to Face the Future



A response to the Liberal  
Democrats

Facing the Future

by Ed Randall

**Goldsmiths**  
UNIVERSITY OF LONDON

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About the author:

Ed Randall is a Senior Lecturer in Politics and Social Policy at Goldsmiths, University of London. He was a member of the Liberal Democrats' *Facing the Future Working Group* and this publication is his response to the working group's final report - in effect his minority report on *Facing the Future*. He has been a Liberal Democrat councillor in the London Borough of Greenwich, where he was first elected in 1982 and re-elected three times, until he stood down from the Council in 1998. He is the author of the *European Union and Health Policy* (Palgrave Macmillan, 2001); *A Union for Health* (Centre for Reform, 2002); joint editor of *The Dictionary of Liberal Thought* (Politicos, 2007); and, the author of *Food Risk and Politics: Scare, Scandal and Crisis – insights into the risk politics of food safety* (Manchester University Press, 2009). He has written on Liberal Democrat politics for the *Political Quarterly* and been a regular contributor to *Liberator* and *Liberal Democrat Voice*.

You can e-mail him at either: [e.randall@gold.ac.uk](mailto:e.randall@gold.ac.uk) or [erandall@cix.co.uk](mailto:erandall@cix.co.uk)

ISBN 978-1-906897-14-7

[Electronic version of the publication]

First published in Great Britain in 2011 by Goldsmiths, University of London, New Cross, London SE14 6NW.

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## Foreword

In October 2009 I was invited to join a Liberal Democrat working group. The task of the working group was to prepare a paper about policy development and party priorities. The Facing the Future working group was asked to produce a document with the same name. It was to be put to the Liberal Democrat Autumn Conference when it convened in September 2011.

The motivation for establishing the working group appeared straightforward. By the time of the 2011 Autumn Conference a General Election would have taken place and the party would have arrived at a point in the electoral cycle when plans for a wide ranging review of existing policy and party priorities would have the best chance of capturing the attention of the party's conference representatives and engaging them in debates, which had a realistic prospect of shaping the next General Election manifesto.

I doubt I was alone, at least amongst the party members invited to join the working group, in assuming that the Liberal Democrats would remain an opposition party. The creation of a coalition and formal agreement on a programme for government, to be implemented by Liberal Democrat and Conservative parliamentarians, seemed - in October 2009 - a remote prospect.

Of course, when the working group held its first meetings in the autumn of 2010, members of the working group were constrained in ways they could not have predicted when the working party had been established. The coalition agreement, which had been negotiated at break neck speed in the days following the General Election, had transformed the political landscape.

The outcome of the General Election of May 2010, which brought the Liberal Democrats into government, has had a profound effect on party policy making. Apart from the unfamiliar disciplines of collective responsibility, imposed on the party's leading parliamentarians, who had become ministers, there was an understandable and widely shared anxiety about the way in which differences over policy were expressed. More important still was the stripping away of staff members who had been paid for out of Short money<sup>1</sup>. The loss of staff, with a vital role in supporting the Liberal Democrats analysis of public policy and the development of its own policies, can only be described as a body blow. Trade unions and millionaires don't give to the Liberal Democrats in the way that they do to the party's rivals. Loss of Short money was part of the price paid for

entering government.

The working group's activities, constrained by the party's entry into government and the loss of experienced support staff, were also affected by uncertainties and ambiguities about its role. How would its deliberations and recommendations fit into the electoral cycle and the business of the Coalition? This time there is an unusually definite end point to the parliament. The coalition agreement sets the date of the next General Election as 'the first Thursday in May 2015'.

While I acknowledged the constraints, uncertainties and ambiguities that inevitably accompanied coalition government I found the reluctance to publicly question several cornerstones of Coalition policy - and one in particular - an intolerable fetter on the deliberations of the working group and also on the preparation of its eventual report. For that reason I decided that the most appropriate way in which to voice my own opinions and play my part in encouraging a more robust debate about future policy making was prepare a short paper of my own. A document in which I could concentrate on what I regarded as the core issues. A document in which I could press the case for putting the horse, economic recovery, before the cart, instead of the other way round, by treating austerity as a political totem.

For that reason the first of the core issues with which I am concerned, in what follows, is the formulation and implementation of economic policy. As has become increasingly apparent the Coalition mantra that there is no alternative to accelerated deficit reduction, routinely offered as evidence of an unshakeable resolution, has turned out to be a stake driven close to the heart of the UK's economic recovery.

The second core issue concerns the structure of British politics and the extraordinary concentration of power in Westminster and Whitehall, and the increasingly destructive detachment of governors from the governed. Despite coalition promises to the contrary there is no good evidence that the Westminster and Whitehall status quo been disturbed or will be challenged. Government rhetoric about devolution and decentralisation is mostly an empty vessel.

The third core issue has to do with the way in which the party continues to analyse and address major environmental questions. Although there is a high level of agreement within the party about the scale and severity of environmental threats Liberal Democrat environmentalism has garnered much less public support than the party had hoped for. A political fact which the party needs – but has failed - to come to terms with.

## **How and How Not to Face the Future**

If Liberal Democrats are to face the future they will need not only to be far more radical than they have been hitherto but to think much more radically about the relationship between modern day capitalism, especially financial capitalism, and society. Liberal thinkers and those who have been sympathetic to Liberalism have done that in the past but our party appears to have lost its way and urgently needs to rediscover and build upon the political and economic thought to which it is heir.

We will not be able to face the future with any real confidence if we fail to acknowledge a threefold threat to liberal democracy and to the prospects and well-being of the citizens of liberal democratic societies, including Britain. The first of the threats, which we need to understand much better and to face up to, concerns the increasingly poisonous and destructive relationship between a mutant and extraordinarily powerful arm of financial capitalism and the social market economies which have been fashioned by Liberal and Democratic parties in the world's most economically developed and politically sophisticated societies.

The second requires us to address a great threat, one that is particularly closely linked to the partiality that governments have shown to financial capital and associated media baronies. The threat is to the institutions, executive and elected representatives of liberal democracies. There is a profound and growing threat to the legitimacy and authority of the state in liberal democratic societies. The threat, which is all too apparent in the United Kingdom, is at its most severe in the most powerful and globally significant liberal democracy, the United States.

The third threat is compounded by the first two and it is the most fundamental. It is an existential threat to liberal democracy, but one that, from the perspective of many citizens, grows imperceptibly. It is a threat to the future prospects of liberal democracies - not just those who live within them but all those who currently live outside them. It is the threat to our common environment, which arises most obviously from anthropogenic climate change but goes far beyond the release, by industrial and industrialising societies, of increasing amounts of carbon dioxide into the Earth's atmosphere. It is the threat of unsustainable human societies arising directly from environmental damage and depletion and, ultimately, the threat that ecological systems, upon which all of life depends, will be so badly damaged that the prospects of liberal democracy and liberal and democratic societies will be irreparably harmed.

Liberal Democrats had the good sense and the foresight to commission a

group of party members to help guide the party's efforts in determining how it should approach its future policy making. The members of the Liberal Democrats' Facing the Future working group were invited to identify the most significant policy challenges the party faced<sup>2</sup>. They were invited to think as clearly and as boldly as they could about how those challenges should be addressed by the party, most especially in the three years between 2011 and 2015.

I was pleased to accept the invitation I received to join the working group and keen to make a contribution to its work. I was, nevertheless, concerned that the deliberations of the working group would be constrained and unduly affected by two things: the extraordinarily limited professional resources that were directly available to the party to inform and support policy making and widely shared anxiety about a process that had the potential to embarrass the Coalition in advance of the next General Election.

I had already come to the view that the loss of so-called Short money, which supported the party's policy development and analysis in parliament, when it was in opposition, and the entirely appropriate circumspection that ministers needed to show when using the resources of the civil service to support party policy development, had exacerbated a problem afflicting all of Britain's political parties - not least the Liberal Democrats: How to support high quality analysis of a kind that makes it possible to question and test party dogma by challenging what JK Galbraith called conventional wisdom<sup>3</sup>? I had also come to the conclusion that the entirely understandable sensitivity of senior party members to the potentially embarrassing political fall-out from open disagreements, openly voiced in official party policy papers, added to the pressure on working groups, such as the one I was involved in, to strive for an artificial consensus and downplay dissent.

Because of these difficulties – indeed the impracticality given the timetable and party political considerations – of accommodating dissent, as well as my own disagreements with the identification and presentation of both the challenges and the responses to them, I found myself being pushed to produce a separate document, which I hope large numbers of my fellow party members (and others) would read and consider alongside Facing the Future. I have titled this document *How and How Not to Face the Future*. The title signals my intention to address not only differences over policy but – and this is in many ways far more important – differences over how Liberal Democrats should go about identifying, and then deliberating, the Threats and the Opportunities, as well the party's policy making Strengths and Weaknesses.

Liberal Democrats are fortunate in having a vast treasury of Liberal thought upon which to draw. They also have another treasure house, contemporary social and scientific research, which they can raid in order to inform their discussions of policy issues and choices. Whatever the virtues of common sense and our strong attachment to conventional wisdoms, about such things as deficit reduction, it is quite likely that what we take to be excellent good sense is nothing of the sort. In a remarkable book the scientist and engineer turned sociologist, Duncan Watts, points out that fresh, informed and detached research, about social, economic and political issues, often throws up surprising and challenging results<sup>4</sup>.

Liberals are – and certainly ought, given their enlightenment origins, to be - defined by their willingness to consider new facts and new arguments as well as by a willingness to re-examine what has been taken for granted. Our Liberal open mindedness is vital, not only to our ability to avoid repeating previous mistakes but also to prepare for a future that will almost certainly differ radically from the past and about which, inevitably, great disputes rage and uncertainties abound.

## Trend Spotting

At September's conference in Birmingham Liberal Democrats will be invited to face the future. But almost all of those who have been invited to help set a clear direction for the party's future policy making will in fact be telling fellow Liberal Democrats to stick rather than twist and, in effect, to hold their nerve. They will disdain fundamental questioning of the party's current role in economic policy making within the Coalition and its fraying environmentalism. Above all else party members will be encouraged to steer clear of the party's radical traditions in policy-making, for fear of upsetting the Westminster applecart.

This is deeply regrettable because it is hard to exaggerate the significance and long term ramifications of the economic convulsions that swept across the world in 2007 and 2008 (and which continue to reverberate internationally). No one – though the temptation in government to do so must be immense – should underestimate what our recent and current economic woes portend for liberal democracy in Britain and around the world<sup>5</sup>. It will be no easy task to face up to the scale of the challenges that have been and are being generated.

It is all too apparent that political leaders – Liberal Democrat as well as Conservative and Labour - are reluctant to look much beyond the immediate task of patching things up. Most have failed to address, at least in public, the underlying causes of the economic dislocation and financial disorder that gave rise to an unprecedented bust.

Unfortunately, what Richard Florida has called the Great Reset<sup>6</sup> has and can be expected to go on stimulating conservatism within our own party and others. There is a great desire – especially amongst the Liberal Democrats' political opponents - to return to business as usual and to restore a Westminster scene in which the terms of political trade have been little affected by either coalition government or financial calamity. Liberal Democrats should in fact be playing the leading role in resisting such a return, and what amounts to a liberal retreat in the face of social, economic and environmental failures that are certain to intensify unless there are far reaching reforms.

The strength of the desire to go back – rather than to face up to a radically different future - reflects three things:

- i. a deep reluctance to acknowledge how fundamentally western liberal democracies, including our own, have been affected by economic, environmental and social changes compounded by – rather than driven by - the credit crunch;

- ii. an understandable – but inexcusable – refusal to get to grips with changes that have had a long gestation, and have impoverished our politics, disrupted markets and weakened social ties; and,
- iii. a very great failure of political imagination.

It is the failure of political imagination which most seriously handicaps Liberal Democrats who want to develop and to communicate the ideas and policies that are required to face the future.

Any political party seeking to organise and mobilise its own supporters - and through them the electorate - must set out to show that it understands why the world is the way that it is. If it is a radical party – and that is what Liberal Democrats must surely aim to be - it also needs to be ready and willing to explain why it champions reform and how its reforms can be realised. A radical political party's *raison d'être* must be to provide the ideas and the arguments - as well as the detailed policy proposals - needed to persuade a sceptical public that it not only recognises and understands what's going on and going wrong but possesses the vision - as well as the values - needed to make things better.

However, one of the most striking things about Facing the Future, the Liberal Democrat Consultation Paper and the working group report of the same name, is the absence of any overarching analytical framework or set of political ideas capable of helping party members - or indeed the members of the Facing the Future working group itself – make sense of the multiple challenges which Liberal Democrats insist British society must now face up to.

For readers of Facing the Future there can be no doubting that Liberal Democrats have strong values, which they are keen to restate; they are proclaimed in 'Our Values'. Far less apparent is the ability and willingness of Liberal Democrats to offer their own account of why the world is changing so rapidly and troublingly. 'Our Values' isn't, unfortunately and quite revealingly, matched by a section headed 'Our Explanations'. Is that because Liberal Democrats lack explanations for the way in which society is changing? Is it because Liberal Democrats cannot agree amongst themselves what is going on and going wrong? Is it because the party lacks the confidence to put forward its preferred explanation(s) for what is changing and challenging? Readers of Facing the Future might be forgiven for thinking so.

In fact, for those Liberal Democrats who are prepared to go in search of it, contemporary social and economic research and, most especially, liberal scholarship, turns out to be richly rewarding. Will Hutton's *Them and Us: changing Britain – why we need a fairer society*<sup>7</sup>, is just one of a number of recent and outstanding contributions to political and economic debate. Will Hutton, James Galbraith<sup>8</sup>, Richard Florida, Richard Wilkinson and Kate Pickett<sup>9</sup>, Ted Nordhaus and Michael Shellenberger<sup>10</sup>, and many others, brilliantly integrate social and economic analyses and succeed in providing, whether or not that was their intent, critical support for a distinctively and unapologetically liberal point of view.

The party's Federal Policy Committee called upon the Facing the Future working group "to adopt a strategic, disciplined and focused approach to renewing" the party's policy. It interpreted its commission to the working group as a direction to spot 'major trends'; a brief that was hitched to two other tasks. The working group was asked to comment specifically on the political challenges likely to be generated by the 'major trends' it had identified, and to go on to advise the party about how it should formulate party policy to meet them. The working group was not asked to seek, provide or assess explanations for the 'major trends' it had spotted. While it was encouraged to seek out "expert evidence", about the 'major trends' it had identified, it was in no position to form judgements that it could share with the party about what was actually driving change or the origins of the social and economic problems it had been asked to consider.

The absence of any clear focus on accounting for the challenges it was asked to advise the party about wasn't just a serious omission from the Facing the Future working group brief. It was the source of a fatal flaw in the way in which the working group went about doing its work and preparing its report. Debate was constrained and the contribution of the working group to future party policy-making was seriously circumscribed.

Search as they might, members of the party looking for robust and distinctively Liberal Democrat analyses of:

- British economic failure;
- growing social inequality;
- limited social mobility;
- persistent gender inequalities in pay;
- halting progress in meeting the challenges of energy and food security;
- mounting public cynicism about democratic politics and media reporting;
- faltering progress in recalibrating Britain's foreign and defence policies;

- contradictory and botched public service reforms;
- limited success in stimulating investment in new technologies; and,
- deficiencies in reforming the criminal justice system;

will not find them in Facing the Future.

The working group was well intentioned and diligent – aren't all such Liberal Democrat endeavours? It succeeded in identifying major trends likely to pose severe challenges to government. But, in the absence of the work needed to fashion an emphatically Liberal Democrat perspective on policy failure and the genesis of our current social and economic travails, the working group was destined not to produce a convincing or politically distinctive narrative about the changes and challenges we face. The working group failed, in other words, to play its full part in helping the party to frame the political agenda and prepare the ground for public debate about the policies that are likely to prove most important and politically significant in advance of the next General Election.

Despite the deliberations of the working group Liberal Democrats still lack a coherent and politically engaging account of their own about what is happening to British society. Where does the party stand when it comes to making judgements about raising or lowering marginal tax rates for the wealthiest Britons, and why? What view does the party – as opposed to the Treasury and BIS - take about the balance to be struck between monetary and fiscal stimulus in efforts to revive the British economy, and why? What ground does the party occupy – as distinct from DECC - when it comes to investing in new and in green technologies, and why? Will the party remain wedded to accelerated deficit reduction, even if economic recovery continues to falter? Does the party have a clear position of its own – based on its own analysis of the state of British capitalism and the condition of the financial sector in the UK – enabling it to respond confidently to the recommendations of the Vickers' Commission<sup>11</sup> about the future of banking in Britain?

Unless Liberal Democrats are confident that they have their own view of the great drivers of change in our society how can they develop and present a genuinely Liberal Democrat prospectus for political and economic reform? It simply isn't good enough to make an inventory of challenges and attach a shopping list of policy reviews. What's more, and what makes the failure so distressing, is that it was eminently possible to do better.

## Economics in a Great Reset

Is it possible that the credit crunch of 2007 and 2008 wasn't an ordinary recession? There have been a number of post-war recessions affecting the British economy but in none of them have British banks been within hours of being unable to honour the cash demands and withdrawals of their account holders. It is necessary to go back in time to 1920s and 30s to find a financial calamity on a similar scale to the bust of 2008. One of the greatest Liberals of the 20th century, John Maynard Keynes, was impelled to write the most important work of 20th century economic theory in order to explain the failure of the economic system in Britain (as well as internationally) to recover from a general collapse in demand, that was both domestic and international<sup>12</sup>. That period, known as the Great Depression, wasn't simply a repeat of earlier periods of economic turbulence. It was qualitatively different and the failure of the economy to recover challenged economic thinkers. Few of them, other than Keynes and those with whom he worked most closely, rose to the challenge.

In the 1930s Keynes, who admitted his own struggle to break free from conventional economic notions, concluded that unaided Britain's economy would remain depressed for many years and go on failing to employ millions of Britons who wanted to earn their own living and contribute to the nation's prosperity by doing so. He developed a new economics, to help him explain what was going on and going wrong, and then struggled, with limited success, to get policy makers to pay attention.

Richard Florida in his book *The Great Reset* compares the crash of 2007/8 with the Great Depression and before that the Long Depression of the 1870s. These were times, like the present, when the magnitude of economic and social change had precipitated crises that threatened the social and economic fabric of the societies affected by them. Many of those affected were baffled by how dramatically their own lives and the lives of those around them were changing. A small number of individuals, who were unusually strongly motivated and well placed to reflect on what was happening, offered explanations for the crises that had overtaken their societies.

In the annals of social and economic research Karl Marx, Joseph Schumpeter and John Maynard Keynes stand out as observers and thinkers who were especially well equipped and strongly motivated to share their insights into the convulsions which not only threatened but appeared to be capable of turning entire societies and their economies on their head. When many of the smartest and most liberally inclined of the current crop of economic and political analysts, Florida amongst them, are convinced

that we are undergoing a similar social and economic transformation the least we can do is listen carefully to what they have to say and make our own considered judgements about the relevance and validity of what they have to say.

No single thinker is likely to have a monopoly of understanding but it is clear that some observers of the crash of 2007/8 and what led up to it have a better appreciation than others of the causes and consequences of wide spread market failure. Amongst those with what can be described as broadly liberal sympathies the economists James Galbraith, Paul Krugman<sup>13</sup>, Joseph Stiglitz<sup>14</sup> and Richard Koo<sup>15</sup> are preeminent. All of them have urged the governments of the world's wealthiest liberal democracies to do more, much more, to counteract the economic forces which they have concluded had been at work for many years and now inhibit economic recovery, as well as adding to our social and economic woes.

Of course Richard Koo, and others who have sympathised with or propounded his notion of a balance sheet recession<sup>16</sup>, have encountered resistance to their economic arguments and their policy nostrums. Much of the resistance comes from more conservative members of their profession, who insist that the only way to restore the health of Western economies, with very high levels of public and private debt, is to concentrate on eliminating deficits in the public sector (even if households are simultaneously doing all they can to pay down their own debts). Although it sounds contradictory enthusiasts for austerity economics ('expansionary' fiscal contraction), many of them found in the Treasuries of advanced economies, have been quite adamant that economic strategies aimed at accelerating the reduction of public sector deficits will aid economic recovery rather than inhibit it. George Osborne, the Coalition's Chancellor, is a prominent member of that club. Indeed Mr Osborne is signed up to what appears to others to be an oxymoron: economic recovery is best supported by expediting the process of fiscal consolidation.

At an event organised by the Social Liberal Forum in June, held at City University, I attempted to set out, in broad terms, the case for slowing down rather than accelerating the process of fiscal consolidation in Britain<sup>17</sup>. Vince Cable, who had accepted the Social Liberal Forum's invitation to debate economic strategy and Liberal Democrat priorities with me, took a strikingly different view. He insisted that the coalition government's plan A, even though it might conceivably be improved by modest adjustments and become a plan A+, should not be the subject of any truly radical revision. There was, I don't think I am being unfair in paraphrasing him, no alternative. When I went on to argue, using Koo's presentation of monetary

data for the UK, that monetary policy had simply lost traction, as Keynes would undoubtedly have argued, Vince appeared unmoved.

While Vince made it clear that he was aware of the work of Richard Koo he stated, quite baldly, that he did not accept what Richard Koo had to say about what was needed to counteract recession in either the United States or the United Kingdom. Vince did not explain why he thought Richard Koo was mistaken. Richard Koo himself has been at great pains to explain not only what a balance sheet recession is and how it arises but also to put forward a policy response to it. His analysis and recommendations are supported by extensive and meticulous empirical work.

In my presentation to the Social Liberal Forum I presented Koo's analysis and conclusions in the most direct language I could find. Koo himself has been remarkably generous in sharing his findings and his policy recommendations. There is simply no good reason why economic policy makers in any country should not invite Koo to set out the case for fiscal policies which build on Keynes' original insights, in *The General Theory of Interest, Employment Money*<sup>18</sup>, and then test their austerity economics against Koo's case for countercyclical stimulus, in the depths of a balance sheet recession.

Koo's analysis, which contains a great many insights dependent on his close and detailed knowledge of Japan's economic troubles, is complemented by an impressive and exceptionally thorough analysis of the relationship between government debt, economic growth and unemployment in the United Kingdom, undertaken by Victoria Chick and Ann Pettifor. It is entitled *The Economic Consequences of Mr Osborne*<sup>19</sup>. The title is a quite deliberate reminder of Keynes' assault on the economic ignorance and obduracy of Winston Churchill, who insisted on a truly disastrous return to the gold standard in 1925. What Chick and Pettifor show is that "...increased government expenditure [in the UK] has [historically] led to both higher nominal and higher real GDP [and that] policies that supported employment and public debt improvements were not detrimental to inflation". It is an extraordinarily important finding and confirmation that current Coalition economic policy is taking the UK in the wrong direction.

The mute refusal to engage with those who disagree with Coalition economic policy, a public policy approach that prefers Tina (there is no alternative) to Tara (there are real alternatives), ought to be deeply disappointing to all those Liberal Democrats who believe that in order to fix a problem it is essential to begin by understanding it. Koo's proposition that economic psychology, in a balance sheet recession, leads households and

corporations to become obsessed with paying down debt and building up balances also leads him to conclude that an active government is vital to recovery. Yet a government committed to boosting demand, in such exceptional circumstances, runs headlong into the kind of dogma - about the efficiency of markets and the superiority of private investment over public investment - that was personified by Alan Greenspan. Personified that is until Greenspan admitted, too late, that he had discovered a flaw in his economic philosophy.

All those who find Richard Florida's notion of a Great Reset, in which the foundations of an economic and social system are violently shaken, of more than passing interest, are likely to be open to other ideas which add to their sense that social and economic systems around the world are currently being subjected to great and mounting stresses which, rather like those associated with plate tectonics, have built up over time and are liable to be suddenly and dramatically released.

One of the great expectations of liberals and of democrats is that open societies will, in time, become fairer and freer. There is a shared expectation that as the social and economic chemistry unleashed by political action to enhance individual opportunities gets to work the life chances of the poorest and most disadvantaged citizens will be transformed. This isn't simply an American dream it is a liberal dream - a dream that is at the heart of truly liberal and democratic societies. If birth is destiny or becomes destiny, in a liberal democracy, then liberal democracy loses much of its legitimacy. Liberals and democrats will then have good reason to fear the restoration of aristocracy.

It is now commonplace to point to falling rates of social mobility and to reports of rising social and economic inequality. Jan Pen's *Parade of Dwarfs (and a Few Giants)*<sup>20</sup>, which was published in 1971, represented differences in incomes in an imaginary parade. Citizens were ordered in great ranks – most of them stretching as far as the eye could see. The ranks consisted of all those who shared the same income – represented by their height in relation to the average (that is the statistically mean) income. Pen's parade was organised to take an hour to pass. All of those who went by in the first half hour appeared to be well below average height. The average (the mean) income was shifted to the right by the very high incomes of the very best paid. Pen's point was that when height is used to represent income we enter a world mostly populated by pygmies, with a very small number of giants. Those whose incomes, represented by their height, place them in the row of people with the mean income are high earners by the standards of most others. If Pen's parade took place today, rather than in 1971, the very small number of giants would be noticeably

taller, and the differences between the height of ordinary citizens – most of them below the mean height in the parade - and an extraordinarily favoured economic elite, whose heads are literally in the clouds, would be even more striking.

Income inequality, which grew rapidly both before and during the Great Depression, has grown rapidly since 1971. The gap, between rich and poor, which reduced in the 1950s and 1960s, now signifies a return to economic inequalities that scarred the 1930s. Mounting income inequality – not to speak of inequalities in wealth, is a measure of the stresses and strains that have been growing - contrary to the expectations of liberals - in the world's most developed and politically sophisticated societies.

James Galbraith, an authority on economic inequality and political change, has coined the term *predator state*<sup>21</sup> to describe polities and political economies in which the private affluence of a small number of citizens is sustained and is likely to be increased by public policies and an economic architecture over which they, the richest members of society, have disproportionate influence. That influence depends on the capture of regulators and public policymakers, by corporate and financial interests. It is well matched to the kinds of casino capitalism that have thrived in the United Kingdom and, most of all, in the United States since the beginning of the Reagan presidency in 1981.

Liberal Democrats, who want to understand and explain increasing disparities between rich and poor, widespread social exclusion and a myriad of other social and economic ills, must be prepared to embrace the economic and political arguments of James Galbraith and others. They have good reason to believe that capitalist societies, unaided by liberal and democratic governments, are far less capable of spreading opportunity and sharing prosperity than liberals had hoped would be the case. The interplay of culture, party political competition and markets has been much less socially and economically progressive than British Liberals (and now Liberal Democrats) had hoped and expected. From a Liberal Democrat perspective the big battalions, especially the most commercially successful corporate interests, have been much more powerful than Liberal economic and political theory encouraged liberals to believe would be the case. Failure to acknowledge that hinders our efforts to develop and improve our party's policies.

Quite apart from the evidence that social and economic inequalities have been growing, Liberal Democrats need to be aware of epidemiological research that has greatly enhanced understanding of the impact that inequalities - not simply unequal social and economic opportunities - have

on health and well-being. Embracing that research is vital if, as a political party, the Liberal Democrats want to explain why they support policies which don't simply aim to improve access to public services for the poorest but advocate measures which, to paraphrase the words of Richard Wilkinson and Kate Pickett, reflect a recognition that the quality of each life depends on the active pursuit of liberal equality<sup>22</sup>, not just equality of opportunity.

## **No Room and no Sense at the Top**

It is surely self-evident that democracy, at least the kind which Liberal Democrats long for, cannot be said to exist if political parties and political institutions are unrepresentative of and unaccountable to the electorate. Yet the case for claiming that Parliament and the political parties themselves are unrepresentative and unaccountable appears to be incontestable. In the course of a BBC documentary<sup>23</sup>, first broadcast at the end of January 2011, Andrew Neil set out to answer two questions: Does a narrow social elite run Britain? and, assuming the answer is yes, Why is political power so heavily concentrated in the hands of an unrepresentative minority of Britons?

Neil had little trouble answering his first question. In one clip from the documentary, which was as close to being a personal testament as any BBC documentary is ever likely to be, he appeared to announce the death of both democracy and meritocracy. They had lost out in a rigged contest with English public school elitism and the class divide, of which private schooling was emblematic. Neil put it to Sarah Teather that the social and educational exclusivity of the Coalition government, with 12 out of 119 ministers coming from just one school, Eton, and 66% having been privately educated (which he pointed out compared with just 7% in the general population), was a travesty of representative politics. Sarah responded by saying that such unrepresentativeness was not good for trust in politicians or the political system. She agreed with Neil that something needed to change; but wasn't given the opportunity, at least on screen, to say what.

Neil was primed to move on to the next stage in his argument: The ladder of opportunity - which he knew from personal experience had existed in the 1950s and 60s - and which he believed had begun to make British politics more meritocratic - had mostly disappeared. The result was that the products of Eton, Westminster and Oxbridge now monopolised the top positions in government. When it came to advancing the causes of representativeness and openness British politics had failed. Britain was in fact going backwards. Grammar schools, which Neil believed had been the key to economic, social and political mobility, had disappeared in many parts of the UK. That meant that bright young men – he suggested that this meant clever people much like himself, but who hadn't had access to a grammar school education - found themselves outside looking in, because they couldn't gain access to an exclusive circle made up of Oxbridge educated former public schoolboys and an even more exclusive set at Westminster who facilitated careers in national politics.

Gary Elsby, who had been denied an opportunity to contest the Labour nomination for the parliamentary seat of Stoke-on-Trent, was then questioned closely by Andrew Neil about his failure to get through to Labour's local selection contest for the seat. Elsby told Neil he had no doubt that he lacked the characteristics that had come to count for far more than local knowledge and commitment to the policies and principles of his party. He was not Oxbridge educated, like Tristram Hunt, who had been selected and then elected to represent Stoke-on-Trent in the House of Commons as a Labour MP. Neither was he a friend, as he put it, of Lord Mandelson.

The social and educational distance, to which Gary Elsby attributed his political failure, was, Neil suggested, the key to understanding socially and educationally exclusive Westminster based politics. The Liberal Democrat minister, Sarah Teather, had acknowledged that it was hard to trust elected representatives who were overwhelmingly unrepresentative of their electors. Neil was able to point to a social elite – quite possibly a self-perpetuating elite - who appeared to have restored their control of key political institutions, most particularly central government in Whitehall and the parliament in Westminster.

There can be little doubt that with the decline in deference, and increased social, educational and economic distance - between representatives and represented - we now have a fertile soil for public suspicions about the motives and character of MPs and ministers. The parliamentary expenses scandal was an additional incendiary, which further jeopardised public respect for Parliament. It is hardly surprising that the murky world of media manipulation, most especially what the British public have been encouraged to believe takes place in a self-serving Westminster bubble, where political careers are made and broken, and lobbyists, activists, analysts, researchers, civil servants and journalists engage in an elaborate dance with one another, has come to frame and fan the flames of suspicion and distrust.

When Liberal Democrat MPs, who had made great play, at the General Election, of their pledge to oppose any increase in university tuition fees, found themselves supporting a government that had decided to substantially increase university fees a phenomenon, well known to social psychologists, came into play. It further eroded trust in politics and politicians. And, while it is particularly painful for many Liberal Democrat voters and supporters, it is representative of what happens when politicians appear detached from the lives and aspirations of those they say they are trying to represent<sup>24</sup>.

The social psychologist Paul Slovic<sup>25</sup>, who has written extensively about trust and democracy, has emphasised the fragility of trust in his published work. In the course of his exceptionally long career as a psychological researcher Slovic has had good reason to underline what he refers to as the asymmetry of trust: trust is 'typically created rather slowly, but it can be destroyed in an instant – by a single mishap or mistake'. The psychological mechanisms, which Slovic has studied closely and which appear to govern how easily trust is lost, imply – however unfairly – that politicians who disappoint are unlikely to be given a second chance. When, as Slovic has put it, 'negative events are more visible' a single lie or accident has a disproportionate impact on public perceptions. This is a source of grave concern and a profound problem in contemporary public life because trust lubricates and simplifies government and its absence greatly complicates it.

If the efficient and legitimate conduct of government depends on trust and trust, which is fragile in any event, is weakened, as the distance between those who govern and are governed increases, the authority needed to govern may also be weakened (and even lost) if those who govern are unable to identify with the population they claim to serve.

Andrew Neil thought he had identified a vital ingredient which had, for a time, begun to open the British political system up to all the talents. He suggested that his thesis - that the grammar school was an engine of opportunity, for a time, in a society that had become more competitive, meritocratic and egalitarian - was supported by the arrival in Number Ten of Margaret Thatcher, John Major and James Callaghan. As the state education system became less selective the ascendancy of an elite, who had been privately and Oxbridge educated, was re-established with the arrival of Tony Blair, David Cameron and Nick Clegg in Downing Street.

Neil was right to suggest that something had changed and that something important had been lost. But the vital ingredient needed to build and maintain a more open and representative parliament, which has been adulterated and diluted, is something that is close to the heart of Liberal Democrats. It has had a much greater impact on the decay of British political culture and the loss of political opportunity in recent times than the organisation and reorganisation of the secondary education system. It is the decline of local self-government.

The emasculation of local democracy and the erosion of local government powers – matched by increasing centralisation of power in Westminster and Whitehall – undermined the political equivalent of the repertory theatre in acting, the start up company in business and the mutual society in self-help. The real training ground for elected representatives, political

innovators and policy entrepreneurs, is local government. A healthy and vibrant political culture, attracting participants from every section of society, can only be maintained if local government is sufficiently independent and competent to attract people with the enthusiasm and drive to serve their own community and the conviction, based on the life they have shared with those they set out to represent, that they will be able to do so.

The voices that we hear in parliament and particularly from the front benches on both sides of the House of Commons have, as Neil argued, been recruited from highly specialised nurseries located in Oxford and Cambridge, and in Westminster. Those who gain entry to these select nurseries have little need of roots, apart from those they put down in London and were blessed with at birth. As long as political power is concentrated in Westminster and Whitehall political life – at least in England - will become increasingly concentrated there and increasingly detached from the rest of the country.

The shock registered in the faces and the voices of leading Westminster politicians at the recent disorder in London and other English cities isn't evidence that political leaders don't care. It illustrates something much more troubling and, in the long run politically significant: many of our leading politicians don't understand their own society; they are simply out of touch with other Britons.

The Liberal Democrat commitment to devolution and to local self-government isn't simply a reflection of Liberal Democrat principles. It is a necessity if Liberal Democrats want to show that they are sincere about reinvigorating British political culture and rebalancing the British political system. When Gordon Lishman and Bernard Greaves wrote, in 1980, in *The Theory and Practice of Community Politics*, that community politics was an ideology - a "system of ideas for social transformation" - they had in mind forms of political action that were intended to engage and empower individuals and social groups from every part of British society<sup>26</sup>. They were proselytising for a fertile political soil in which motivated and capable individuals, from every part of British society, could learn to represent themselves, their friends and neighbours and become engaged in ever wider political communities, without becoming detached from their own community roots.

However difficult it is to accept, and it is unpalatable to many of the Liberal Democrats who have found their way to Westminster, shortcuts to national power, for a radical, liberal and democratic party, risk undercutting the political culture that is required to build and maintain an independent political force in a society where organised interests don't simply set out to

capture regulators but to capture the state. Lishman and Greaves could not have put it more clearly and, for members of the party whose primary focus remains on pulling the increasingly discredited levers of power to be found in Westminster, more discouragingly:

“If elections and the holding of elected office become the sole or even the major part of our politics we will have become corrupted by the very system of government and administration that community politics sets out to challenge. The process will have displaced the motivating ideas. We will have lost our reason for fighting elections at all”.

## ‘Post-Environmental’ Politics

Conventional and undoubtedly well-intentioned accounts of the magnitude and urgency of environmental challenges have sought to concentrate our attention on the scale of the threats to our way of life and to the lives of future generations<sup>27</sup>. It is an approach which ought to have considerable political traction but it has become increasingly evident that it does not.

Two leading environmentalists who recognised that, Michael Shellenberger and Ted Nordhaus, dismayed members of the environmental movement in 2004 when they published a pamphlet with the deliberately provocative title: *The death of environmentalism: global warming politics in a post environmental world*<sup>28</sup>. Their conclusion was that environmentalism was failing not because of a lack of determination and dedication to environmental causes by environmentalists, the people with whom they had been allied for most of their adult lives, but because it had adopted "a complaint-based approach to politics".

The political failure of the environmental movement and its "doomsday discourse" should be contrasted, according to Nordhaus and Shellenberger, with the success of Martin Luther King Jnr's inspiring rhetoric in his "I have a dream speech"<sup>29</sup>. Where the environmental movement had failed, King had offered "an inspiring, positive vision that carried a critique of the current moment within it". Nordhaus and Shellenberger invited the audience of environmentalists they were addressing to "imagine how history would have turned out had King given an "I have a nightmare speech".

Liberal Democrats have tried to respond to such criticism of environmentalist politics but the party's preferred levers of political change are still those of the environmental movement, which took its lead from Rachel Carson, whose *Silent Spring*<sup>30</sup> was published in 1962. Carson set out to alarm her readers and, at the same time, to foster a sense of responsibility, built upon sound science, which would help them to develop both the environmental understanding and the conscience that was necessary to campaign and take on the role of responsible stewards. Stewards of a natural world threatened by human ignorance and selfishness.

Nordhaus and Shellenberger explained, in their essay and then in *Break Through: from the death of environmentalism to the politics of possibility*, published in 2007, how they slowly came to the painful realisation that the politics of environmental protest and of environmental limits, which had enjoyed considerable success in the 1960s, 70s and 80s - when it fought

smog, acid rain and helped to halt the release of chlorofluorocarbons - wasn't equipped to deal with global warming.

For some thirty years, along with other members of the environmental movement, Nordhaus and Shellenberger, had viewed global warming as primarily a problem of pollution control. They understood the environmental and political problems of climate change through a scientific lens which concentrated attention on ever more sophisticated measures of pollution and prescriptions for limiting emissions. These limits were to be negotiated and then, after they had been agreed by international treaty, enforced by national and international authorities.

In 2003 their growing doubts about the adequacy of the political analysis, upon which calls for national and international regulation depended, finally brought about a breach with friends, colleagues and fellow campaigners; people whose commitment to the cause wasn't in doubt and who had spent a lifetime in environmental lobby groups championing the politics of limits and of responsibility.

They decided it was time to reject an analysis of environmental politics, which relied on louder and ever more dramatic announcements about impending environmental catastrophe. They wanted to supplant what they had concluded were uninspiring rallying cries, about setting and imposing limits, with a new kind of post-environmental politics. The flagship of their post-environmental politics in 2003 was something known as the Apollo project. They hoped that the "Apollo would be the vehicle for telling a powerful new story" about inventive and self-confident societies. Investment in clean energy would be presented not simply as desirable and possible but a vital part of an intelligent plan to achieve energy independence and achieve economic success. They believed that all those who were repelled by an unceasing politics of limits would be attracted by a *politics of possibility*.

Having begun their lives as environmental campaigners, who were convinced that the most important goal of environmentalism was to persuade the public that things could only get worse, at least in the absence of private and public repentance, they had concluded that popular support for actions, which had a good chance of actually mitigating and managing climate change, required a hopeful and uplifting rather than apologetic vision.

There was, they insisted, a puzzle, which fellow environmental campaigners had refused to address. Why hadn't earlier environmental successes supplied a winning formula for combating global warming? Their somewhat paradoxical answer was that prosperous societies and

people have the greatest potential to be generous and outward looking, but their society, the US, had changed. It had become a society that was characterised by economic and status insecurity. Insecurity fuelled suspicions and resentments, which militated strongly against environmentalism.

Public attitude surveys of the kind reviewed at some length in Anthony Giddens' *The Politics of Climate Change*, testify to a general public sympathy in Britain with the aims of climate change campaigners. They also make it clear that popular support for those aims is superficial. Ecological concerns are weakly rooted and have very little political traction, compared to public anxiety about such things as unemployment and crime, access to housing, education and health care. Nordhaus and Shellenberger have made similar points about the state of public opinion in the United States.

Giddens offered an explanation which, somewhat hubristically, he labelled the Giddens' Paradox<sup>31</sup>. Paradoxical or not the point that Giddens makes is an important part of the armoury of insights that any political party requires if it wants to identify and address the challenges of climate change. In Giddens' words: "Since the dangers posed by global warming aren't [that] tangible, immediate or visible...However awesome they appear, many will sit on their hands and do nothing of a concrete nature about them. Yet waiting until they become visible and acute before being stirred to serious action will, by definition, be too late."

If Nordhaus and Shellenberger and Giddens are to be believed, understanding public perceptions of and changing attitudes to climate change and climate change policy is every bit as important as understanding and accurately reporting the science of global warming. Inspiring messages and depressing accounts of the causes and consequences of climate change vie for public attention. What should a political party, interested in facing the future, make of all this?

While there are some grounds for optimism to be found in *Facing the Future*, for example the section on environmental issues is entitled challenges **and** opportunities, the emphasis is quite unmistakably on what has gone wrong and on what, without urgent action, can be expected to get much worse.

*Facing the Future* has its full quota of stark warnings:

- Carbon emissions increased more last year than ever before - resulting in the highest carbon output in human history;

- Scientists have predicted rising sea levels, more frequent and powerful storms, shifting rainfall patterns, more flood, drought and food shortages;
- We should anticipate mass migrations from the worst affected areas of the planet, generally the poorest populated parts of the globe, to developed countries;
- There will be combinations of deleterious effects on human societies as health and economy suffer alongside the deteriorating physical environment;
- We are simply not doing enough to halt let alone reverse the ravaging of the natural environment, which accompanies our environmentally irresponsible and profligate use of natural resources.

And, what Facing the Future refers to as "massive opportunities" can, rather too easily, be made to appear somewhat puny alongside the threats associated with climate change, energy insecurity and intensified competition for scarce resources.

However, readers who look elsewhere for inspiration will find it. There are thoughtful, inspiring and exceptionally well informed authors. People with a message about human adaptability and inventiveness and the capacity societies have to solve problems by cooperating. One of the most enthusiastic and well informed – who is also a willing guide - is James Martin. His *The Meaning of the 21<sup>st</sup> Century: a vital blueprint for ensuring our future*<sup>32</sup>, is something a tour-de-force when it comes to exploring and explaining how human qualities, allied with science and new technologies, equip us not only to survive but to prosper. The keys to our flourishing, according to Martin, are the very same qualities which enabled our ancestors to survive and prosper. Martin is confident that they will help us negotiate the rapids of the 21<sup>st</sup> century and that they could make it the most remarkable and successful century in human history.

Regular readers of *Science Daily*<sup>33</sup> and *New Scientist* will have no difficulty in finding evidence of groundbreaking scientific advances and awe inspiring technologies. In virtually every field of science human ingenuity is revealing ways in which human beings can prosper and develop without threatening the destruction of critical eco-systems. There are literally dozens of potential Apollo projects in which innovation, funded privately and publicly, by green investment banks and conventional investment banks, could secure new jobs and help to build the platform human beings need to live better and more sustainably.

Technologies as diverse as:

- Hydrogen fuelled engines (under development by BMW in German);
  - Solar and wind powered desalination (under development in the United States);
  - Biofuel production from wastes and from the sea (able to rival other sources of energy and under in investigation in Hungary, Wales and Canada)
  - High temperature superconductivity (which could be deployed in many different fields (under investigation in Japan and the UK); and
  - Crop species with deep roots that can significantly reduce atmospheric CO<sup>2</sup> (being studied in the UK at Manchester University);
- all

form part of a long and growing list of scientific advances and technological innovations to set alongside the warnings and dire predictions.

There can be no certainty about the success of any single new technology. The journey from an individual's scientific imagination, theoretical speculations and scientific laboratories, to breakthrough technologies, is, by its very nature, unpredictable. But there is every reason to believe that the accelerating rate of scientific development and technological innovation holds unparalleled opportunities for societies that are willing to support institutions and enterprises which promise far far more than a financial return.

Will Hutton reminds his readers, in *Them and Us*, that science and technology perform best in environments that valorise independent thought and intellectual rigour, rather than purely commercial goals. While Hutton admires “Free wheeling private firms like Google and 3M” and knows how highly they value original research “and would dearly love to generate some themselves”, he is also aware that “they have been unable to mimic the lawns, incentives and culture of the University...[where there is little temptation] to override the autonomy and preferences of the researcher.” “Only the University”, he writes, “can make and deliver the promise of genuine blue-sky, paradigm-changing research”.

And it doesn't stop there. As Ha-Joon Chang explains, in his *23 Things they don't tell you about Capitalism*<sup>34</sup>, the economic and social environments in which new technologies can be most quickly and successfully introduced are not necessarily those driven by the unrestrained pursuit of private profit. Chang make a persuasive case, when he argues that planning, public investment and even an absence of economists, can contribute to the success of enterprises that have government approval and support for developing and deploying new technologies. There are times when scientific and technological progress

depends on public bodies, rather than investment banks and other sources of risk capital. Many Liberal Democrats recognise that.

While Joseph Schumpeter popularised the idea that key advances in the economic life of a nation depend on a process of creative destruction, Richard Florida, who is praised by Anthony Giddens for doing so, nails his colours to a different mast.

“Florida, who has written extensively on the subject, argues persuasively that the creative sectors of the economy - where innovation, lateral thinking and enterprise flourish - are increasingly becoming the driving force of the economy as a whole. Florida rejects the idea that creativity - the capacity to innovate, to question conventional wisdom - is limited to the few. Creativity is a 'limitless resource... It's a trait that can't be handed down, and it can't be owned in the traditional sense.' R&D investment is important, but in pioneering responses to climate change, we need to be bringing science, the Universities and social entrepreneurs closer together.”  
(Giddens, p. 108)

Such excitement and open mindedness and attention to the political importance of public attitudes is hard to find in *Facing the Future* but it surely has a vital place in the future that Liberal Democrats desire.

## Afterword

What is necessary for a political party that wants to face the future?

At least three things:

- An open and robust method for developing its policies. In order for a serious political party to develop that it requires the means to integrate diagnosis and analysis successfully with policy prescription and implementation. It requires a method that makes the best use of the ideas and information that are available.
- A means of ensuring that leaders, members and supporters communicate clearly, regularly and confidently with one another.
- The capacity not only to say what the party believes needs to be done and why, but also to do so engagingly and persuasively.

By these tests Facing the Future fails.

The analysis and diagnosis of the UK's economic woes is pitifully thin and skewed by the desire not to challenge austerity economics openly because it is perceived as the most important pillar of the Coalition agreement. Such an approach can hardly be described as open or robust.

When it comes to representing its own members and supporters the party has lost its way. It is necessary to acknowledge that and to face up to it. Far too late the party's leaders, who set out to own all of the Coalition's policies, decided that they had taken ownership of some of the wrong things and that they would be stronger, politically, if they owned (and represented) the policies that the party's members and supporters wanted them to. Great bravery was shown in retreating, under heavy fire, from a pledge that was freely given, but either the pledge or the retreat, or both, were profoundly misguided. The retreat and the need for it was in fact a function of the extraordinary distance that had developed between those most heavily invested in the Westminster bubble and those to whom the bubble has become increasingly alien and grotesque.

The arts of persuasion are not so gentle. Just look at US politics for confirmation of that fact. But a serious political party must work hard to be persuasive and Liberal Democrats must learn to be much more persuasive. There is a lot to learn from Kevin Dutton, the author of *Flipnosis*<sup>35</sup>. Liberal Democrats who want to persuade potential supporters how to face up to the future would do well to dip into *Flipnosis*. Dutton identifies five elements needed for 'persuasion [with] an incubation period of seconds'. He has an acronym to help his readers remember them: SPICE. It's a good idea to begin with surprise, ideally something that makes your listener open up and

even gets them to laugh. Simple messages are best – so keep it Simple. And simple messages, which appeal to their Perceived self-Interest, are a vital part of a winning proposition. Of course, to make your proposition work you need to show Confidence; show that you really believe in what you are saying. Finally there is Empathy, a vital ingredient intended to assure your listener that you can see things from their point of view.

The biggest challenge for environmental policy makers isn't persuading others that the problems we face are immense and that it will take an exceptional commitment to address them. The biggest challenge is persuading others that doing so is not only the right thing to do but something that it is in their interest to do. The simple truth is that we have been investing too much of our energy in messages that other Britons have heard many times before and don't particularly want to hear again. We have invested too little time and effort in finding and presenting the ideas and arguments that are capable of persuading them that we regard them as the solution, rather than a part of the problem.

## Notes and References

<sup>1</sup> Short money is the name commonly given to the annual payment to opposition parties in the House of Commons to help them meet the costs of employing staff who, amongst others things, can assist them undertake work on policy. The Liberal Democrats had become heavily dependent on these funds, receiving £1,749,385 in 2009-2010. Short money is not available to a government party.

<sup>2</sup> Liberal Democrats Policy Consultation Paper 101 – *Facing the Future* (London: Liberal Democrats, August 2010) can be accessed on line at: <http://www.libdems.org.uk/siteFiles/resources/PDF/Consult/101%20-%20Facing%20the%20Future.pdf> AND *Facing the Future: Policy Development Agenda – Liberal Democrats Policy Paper 100* is available on line at: <http://www.libdems.org.uk/siteFiles/resources/docs/conference/100%20-%20Facing%20the%20Future.pdf> (London: Liberal Democrats, August 2011)

<sup>3</sup> The notion first appeared in JK Galbraith's *Affluent Society*, published in 1958.

<sup>4</sup> Watts, Duncan J.: *Everything is Obvious - Once you Know the Answer: How Common Sense Fails* (London: Atlantic Books, 2011)

<sup>5</sup> I have recently been directed, by a fellow working group member, to a remarkable book of which I was unaware by Dani Rodrik. It is entitled *The Globalization Paradox: Why Global Markets, States and Democracy Can't Coexist* (Oxford: Oxford University Press, 2011). Rodrik's book puts 'Facing the Future' and 'How and How Not to Face the Future' into a global context which, important as it is, constraints of time and space have prevented me from pursuing; I strongly recommend it to others who are interested in wrestling politically and intellectually with both the nature and scale of the changes our world is currently undergoing.

<sup>6</sup> Florida, Richard: *The Great Reset: How New Ways of Living and Working Drive Post-Crash Prosperity* (New York: Harper Collins, 2010)

<sup>7</sup> Hutton, Will: *Them and Us: Changing Britain – why we need a fair society* (London: Little Brown and Company, 2010)

<sup>8</sup> Galbraith, James K.: *The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too* (New York: Free Press, 2008)

<sup>9</sup> Wilkinson, Richard and Pickett, Kate: *The Spirit Level: Why Equality is Better for Everyone – revised edition* (London: Penguin Books, 2010)

<sup>10</sup> Nordhaus, Ted and Michael Shellenberger: *Break Through – From the Death of Environmentalism to the Politics of Possibility* (Boston: Houghton Mifflin, 2007)

<sup>11</sup> Sir John Vickers was asked to chair an *Independent Commission on Banking* in June 2010. The Commission produced its final report in September 2011 and has made recommendations on reducing systemic risk and mitigating moral hazard in the banking system as well how to promote competition in retail and investment banking.

<sup>12</sup> Keynes, John Maynard: *The General Theory of Employment, Money and Interest [Volume VII of the Collected Writing of John Maynard Keynes]* (London: Macmillan Press for the Royal Economic Society, 1973 [first edition 1936])

<sup>13</sup> Krugman, Paul: *The Return of Depression Economics and the Crisis of 2008* (London: Penguin Books, 2008)

<sup>14</sup> Stiglitz, Joseph: *Freefall: Free Markets and the Sinking of the Global Economy* (London: Penguin Books, 2010)

<sup>15</sup> Koo, Richard C.: *The Holy Grail of Macro Economics: Lessons from Japan's Great Recession* – revised and updated edition (Chichester: John Wiley & Sons, 2009)

<sup>16</sup> Richard Koo has put it this way, in explaining what is necessary to counteract a balance sheet recession: “Until people realize that they have contracted a completely different disease...where the private sector is minimizing debt instead of maximizing profits, a constructive policy dialogue is not likely to be possible. Once the exact nature of the disease is understood, the remedy (sufficient and sustained fiscal stimulus until private sector balance sheets are repaired) will become obvious to everyone.”

<sup>17</sup> The Inaugural Social Liberal Forum conference was held at City University on 18<sup>th</sup> June 2011 and included a debate with the title: *Deficit reduction – Ideology or Necessity?* in which myself and Vince Cable made presentations and responded to questions from SLF members and conference attendees.

<sup>18</sup> Two of Keynes' arguments, set out in his General Theory, one about a fallacy of composition, which has come to be known as the *paradox of thrift*, and the other about the loss of traction of monetary policy, captured in the notion of a *liquidity trap*, are particularly important to anyone who wants to understand why conventional policy instruments are likely to fail in the extreme circumstances of an economic bust.

<sup>19</sup> Chick, Victoria and Ann Pettifor: *The Economic Consequences of Mr Osborne – Fiscal Consolidation: Lessons from a Century of Macro Economics* (London: debtonation.co.uk, 2010)

<sup>20</sup> Pen, Jan: ‘A Parade of Dwarfs (and a Few Giants)’, excerpt from *Income Distribution* (Harmondsworth: Penguin Books, 1971); reproduced in *Wealth, Income and Inequality* edited by A.B. Atkinson (Harmondsworth: Penguin Education, 1973). See also Clive Cook, ‘The Height of Inequality’, *The Atlantic*, September 2006, which can be accessed at: <http://www.theatlantic.com/magazine/print/2006/09/the-height-of-inequality/5089/>. Cook's article includes a striking graphic to update and illustrate Pen's genius in marshalling information about the distribution of income in an engaging and accessible way.

<sup>21</sup> L. Randall Wray, in a review of James Galbraith's *Predator State*, has summed the notion up as “a state in which a coalition of relentless opponents of the very idea of a ‘public interest’...master the state structure in order to empower a high plutocracy with nothing more than vile and rapacious goals.”

<sup>22</sup> The philosopher Ronald Dworkin, in a book entitled *Sovereign Virtue* (published in 2000), defines liberal equality as something that is underpinned by policies (built into the design and structure of society) that are intended to ensure that every person enjoys equal respect and concern.

- <sup>23</sup> Andrew Neil was responsible for a BBC documentary, first broadcast in January 2011, which asked whether a narrow social elite, which appeared to have lost its place during the rise of a meritocracy/more meritocratic Britain in the post-war years, had restored its former position and returned to power in Britain. Information about the programme and some clips can be viewed at: <http://www.bbc.co.uk/news/magazine-12282505> .
- <sup>24</sup> The most recent Committee on Standards in Public Life report on *Public Attitudes to Towards Conduct in Public Life*, published in 2011 and based on a survey in 2010, underscores a general pessimism about declining trust in and respect for elected representatives. Available on line at: [http://www.public-standards.org.uk/Library/CSPL\\_survey\\_Final\\_web\\_version.pdf](http://www.public-standards.org.uk/Library/CSPL_survey_Final_web_version.pdf)
- <sup>25</sup> Slovic, Paul: 'Perceived Risk, Trust, and Democracy' in *Social Trust and the Management of Risk* edited by George Cvetkovich & Ragnar E Löfstedt (London: Earthscan Publications, 1999)
- <sup>26</sup> Lishman, Gordon and Bernard Greaves: *The Theory and Practice of Community Politics* (Hebden Bridge: Association of Liberal Councillors, 1980). Available on line at: <http://www.cix.co.uk/~rosenstiel/aldc/commpol.htm>
- <sup>27</sup> A very good example is Al Gore's *An Inconvenient Truth* – the movie and the book of the movie. Information about the film can be found at: [http://www.climatecrisis.net/an\\_inconvenient\\_truth/about\\_the\\_film.php](http://www.climatecrisis.net/an_inconvenient_truth/about_the_film.php)
- <sup>28</sup> Michael Shellenberger and Ted Nordhaus's essay 'Death of Environmentalism – global warming politics in a post-environmental world' can be accessed at: [http://thebreakthrough.org/PDF/Death\\_of\\_Environmentalism.pdf](http://thebreakthrough.org/PDF/Death_of_Environmentalism.pdf)
- <sup>29</sup> A recording and the text of Martin Luther King's speech can be found at: <http://www.americanrhetoric.com/speeches/mlkihadream.htm>
- <sup>30</sup> Carson, Rachel: *Silent Spring* (Harmondsworth:Penguin Books, 1962)
- <sup>31</sup> Giddens, Anthony: *The Politics of Climate Change* (Cambridge: Policy Press, 2009). The 'paradox' is first introduced on page 2.
- <sup>32</sup> Martin, James: *The Meaning of the 21<sup>st</sup> Century: A Vital Blueprint for Ensuring our Future* (London: Transworld Publishers/Eden Project Books, 2006)
- <sup>33</sup> *Science Daily* can be accessed at: <http://www.sciencedaily.com/>
- <sup>34</sup> Chang, Ha-Joon: *23 Things They Don't Tell You About Capitalism* (London: Allen Lane-Penguin Group, 2010)
- <sup>35</sup> Dutton, Kevin: *Flipnosis: The Art of Split-Second Persuasion* (London: William Heinemann, 2010)

ISBN 978-1-906897-14-7

[Electronic version of the publication]

First published in Great Britain in 2011 by Goldsmiths, University of London, New Cross, London SE14 6NW.

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