

DEMOS

**MAKING
DEMOCRACY
WORK**

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MAKING DEMOCRACY WORK

On 4 February 2013, an 81-year old widow named Gloria Foster died after an immigration raid shut down the care agency that was responsible for sending helpers to get her out of bed in the morning. Gloria was trapped alone, starving and dehydrated, for nine days. She was unable to get help. By the time she was found, soaked in urine, it was too late to save her.

I first heard the story of her tragic death when I was working at 70 Whitehall: the Cabinet Office right at the heart of government. There were television screens in the office playing the rolling news, and the scandal played out on the hour every hour all day. It sticks in my mind because it was the very day ministers decided to press ahead with a social care investment plan recommended by the expert they'd put in charge, an ex-boss of the National Statistics Authority, Andrew Dilnot. The so-called Dilnot plan was going to cost taxpayers about £4 billion, and wouldn't have made a blind bit of difference to Gloria's plight.

The coroner's investigation found a host of errors that contributed to Gloria's death. But for me it's a symbol of a wider truth, a wider catastrophe forty years in the making. The chronic under funding of social care, even while demand soared. Lack of money for decent wages leading to the growing reliance on migrant workers, including those without the legal right to work: the only people who'd put up with the shoddy contracts and terrible pay. And a blind refusal among our politicians, decade after decade, to face up to the political costs of telling people we needed to change the system, from top to bottom.

Every time a politician has tried - commissioned a report or put forward a proposal, they've either chickened out in the face of the cost, or been beaten into submission by political opposition. In 2010, the Conservatives opposed a Labour "death tax" and defeated Gordon Brown. In 2017, Labour repaid the favour by opposing a Conservative "dementia tax" and cost Theresa May her majority. Both sabotaged any chance of a long term settlement in favour of short term political gain. And when the pandemic came, the consequences of forty years of political failure were writ large in the vast death toll in our care homes; minimum wage care workers sleeping on camp beds in the communal areas, aproned with bin bags, in a desperate attempt to shield the residents for whom they cared.

In 2021, there is finally a plan to invest in social care - the plan Boris Johnson told us was ready and waiting in 2019. A new tax is to be introduced, on top of National Insurance, to fund that Dilnot plan to ensure no-one has to sell their home to pay for care. The Labour party is opposing it, seeing political potential in rejecting a tax rise. And yet, despite all the political noise that has surrounded this new policy, all the outrage among traditional conservatives, it still doesn't include a single extra penny to improve care. Assets will be protected, but the care you get in return will be just as paltry. The government tells us that efficiency gains will be needed to drive up standards. Nothing in this new system would have helped Gloria.

The story of social care would be depressing enough if it were the only big problem our politics was failing to deal with. It isn't. In fact, it's probably not even one of the top five. In 2014, after spending most of a lifetime in professional politics including five years in the Cabinet, Charles Clarke edited a book called *The Too Difficult Box*. It's an essay collection detailing 27 different policy issues that the political system has failed to crack for a generation or more – from drugs policy to prostitution, immigration to welfare reform, climate change to media regulation. To Clarke's list we could add adapting the education system to the future of work, regulating artificial intelligence, policing online crime, fostering innovation, levelling up growth in poorer parts of the country, building enough homes, managing the eastward shift of global power, dealing with the costs of our ageing population, and more.

Some people measure the health of a democracy by the levels of public participation. Some by the breadth of debate and opinion between different groups or parties. I see it differently. I judge the health of a democracy by its ability to solve its collective problems. And on that measure we are failing.

What's wrong with us? Why are we struggling to live up to the challenges our age presents? This isn't about the failure of one political party, it's about fundamental flaws in our system of government that are holding us back. This paper is the first in a series that seeks to identify what's going wrong, and how we can fix it.

I will argue that our problems stem from the failure of our system of democracy to adapt to the times in which we live. In a period of fast, accelerating and unprecedented change, it is getting harder than ever to navigate the competing interests of citizens in a diverse society. Instead of making the attempt, most of our political leaders are adopting a divide and conquer approach that worsens division instead of challenging it. Populism, identity politics, tribalism of left and right, post-liberalism: the dominating theories of today's political life all gather strength from hyping up outrage about their enemies for short term political gain. But the outrage makes it harder and harder to persuade citizens to compromise in the common interest.

The series is an attempt to make the case for change in how we do politics. It will set the agenda for Demos in the years to come. I am adding my voice to that of many - writing at Demos and in countless other places - who have been arguing for the changes I endorse here. Bringing the public into public policy through deliberative and participatory democracy; rebuilding social capital and community cohesion; giving citizens more voice and more power in the economy, and in our public services. These are not new ideas, and I don't claim to have invented any of them. What I hope this series will do is serve as a reappraisal of the case. In the past these ideas might have seemed trivial. They might have seemed like a waste of time or resources. They might have seemed like a distraction from the ordinary political business of winning elections, writing manifestos and passing laws. In fact, I myself used to think they were all of these things, and perhaps a generation ago they were. Times have changed: ideas that were once peripheral are now essential.

I'll set out why in the second paper, called Living in the Exponential Age. It will look at the nature of the problems we face as a society, borrowing the concept of an era of exponential change from author and futurist Azeem Azhar. In this paper I'll explain why the scale of social, economic and technological change is making it particularly difficult for a democracy like ours to cope. I also look at the other side of the coin: the way our social capital is fragmenting. I'll set out the technological, political and social trends that are pulling us apart.

The third paper will be called The Humble Policy Maker. It's about politics, and why it's failing. It's also about me: it's the story of my own apostasy. I am an apostate technocrat and an apostate partisan. I have spent nearly twenty years thinking about public policy, and I did it wrong for most of them. I will make the case for a new humility in policy making, but this paper won't just argue for a particular solution, it also tells the story of how and why I changed my mind.

Finally, I'll conclude the series with a paper setting out the kind of state we need to manage in the face of this change: The Gravitational State. The problems we face today require collaboration, compromise and compassion within and between individuals, communities and societies. Building those skills should be the central role of the modern state. So I will set out a policy agenda designed to reconstruct a nation at peace with itself: a nation capable of resolving its differences, conquering its problems, electing good governments, and holding together through a period of extraordinary change and turmoil.

This first paper has, by contrast, a relatively simple goal: to explain why any of this matters when it comes to making democracy work. Why does it matter if technological trends are changing the way we interact and the way our markets work? Why is climate change materially different to policy problems we've faced before? Why does it matter if policy makers go about their job in a technocratic and partisan way? Why does the state need to find a new role to hold together the societies of the twenty-first century?

My answer is in the nature of democracy itself: what it is that gives democracy the potential to be a good system of government. I argue that a well-designed democracy has a unique ability to help bind citizens together in common endeavour; democracy builds the legitimacy of the state and helps hold citizens together in a state of trust. It's that trust -

the bonds between people - that supports the altruism and mutuality a strong society needs alongside open markets and individual freedom.

This isn't a left wing argument about how to build consent for high taxes and a powerful state - open markets require public consent, too. It isn't a right wing argument about faith, family and flag - liberal societies need to be held together by tolerance and mutuality, as well. It's a pragmatic argument about how to design a democracy that actually works; a society capable of resolving its problems.

CRAZY LITTLE THING CALLED DEMOCRACY

When I was fifteen, I was put forward for the school debate team by teachers who imagined, because I was relatively articulate, that I would be good at it. I was not. I still get flashbacks to the experience: crashing and burning so badly that the judge used several examples from my performance as a masterclass in "what not to do" in debating. I'd written all my notes on a single index card in microscopic handwriting I found I couldn't read. I got confused and said the same thing twice. I stumbled back to the desk after my summing up and put my head in my hands, which my teacher later told me suggested I wasn't suited to a life in politics. But what sticks in my mind most clearly of all is the motion I was put up to oppose, because I'm still not sure what to make of it. The motion was: This house believes that self-government is better than good government.

I believe the organisers wanted us to debate the principle of self-determination, the idea I learned about in history lessons, championed by US President Woodrow Wilson after the First World War that "peoples" should govern themselves; a doctrine that led to the end of the age of empire. For generations, Westerners had told ourselves that we had conquered other territories not out of self-interest but to bring order and good governance. Many argued that people in India or Africa couldn't be trusted to run their own affairs: it was in their interests to let us run things for them. In other words, one of the central doctrines of empire was that good government was better than self-government.

That argument feels pretty offensive now, not least because so much of that "good government" imperial powers offered wasn't good for the governed. I tell myself that's why I struggled so badly to make the case

back in 1995. But I think I really became unmoored because I'd barely encountered the idea that self-government, or democracy, might be a debatable proposition. After all this was the 90s, a decade in which democracy was seen as the uncontested victor in the battle of ideas.

Francis Fukuyama's famous 1992 book, *The End of History and the Last Man* hypothesised that we had reached "the end-point of mankind's ideological evolution" and predicted "the universalization of Western liberal democracy as the final form of human government." On a much smaller scale, *Demos* published a book in 1999 called, rather charmingly, *Life After Politics*. We had moved far from Winston Churchill's maxim that democracy was simply "the worst system of government except for all the others that have been tried from time to time." This was the end of the cold war, an era of hagiographies of democracy, an era of Third Way thinking that even claimed to have settled the debate between left and right, between labour and capital.

After the 2nd world war, there had been a big open question as to whose ideas would prevail: capitalism or communism. Each side said their system was not just morally superior, but was also going to lead to better outcomes for its people. The end of the Cold War meant this was no longer a question. Freedom was better at delivering not just opportunity but prosperity. Planned systems could be beaten by the open society. We told ourselves we had solved the great arguments about how countries should be run; democracy was the end state of human existence. Empires were over; communism was defeated; freedom was our birthright.

I remember keeping, in the kind of treasure box pre-teen girls usually fill with hair scrunchies, silly passport booth photographs and ticket stubs, a chunk of the Berlin Wall my sister had brought home from a German school exchange visit. It was a lump of composite concrete with little round pebbles in it; on the smooth side the remnants of graffiti in pink and green. Was it authentic? Or was it a fake produced by a street entrepreneur exploiting the new freedoms of capitalism? Who knows. But I cherished it. I didn't read the book, but in a way I was a Fukuyama teen, not interested in whether self-government was in competition with good government. Democracy was the good guys and democracy had won.

Thirty years on from *The End of History*, the world looks very different.

For decades, most in the West had elided democratic and economic freedom. Capitalism and liberal democracy were natural bedfellows, marrying the freedom of the commercial market with the freedom of the electoral market. Of course, different countries had different levels of taxes and state-funded public services, and different levels of regulatory intervention in their markets. But we had a shared understanding of the natural fit between the value systems of our economy and our government.

China has challenged this assumption, demonstrating that many of the benefits that accrue from the market disciplines of capitalism can exist in an authoritarian state. And while in the West we struggle to secure legitimacy for the actions we need to take in our collective interest, and problems queue unheeded at the doors of government, the Chinese charge ahead without pausing to worry about democratic consent. The Chinese model is a brutal one: the attacks on the Uighur people are just one example of the state abusing its citizens. Human rights abuses are rife. And yet many Chinese people would argue that they benefit from good government; they benefit from self-determination by being governed by people who are of their own nation; the deeper form of self-government created by democracy is not needed.

In other words, the last thirty years have challenged the assumption that liberal democracy will automatically be the most successful system of government. Maybe Churchill was right that democracy was only the best system of those that have been tried: maybe people will try and succeed with something else. Maybe they already are.

After all, why should democracy prevail? In human history, democracies are a quirk; periods of rule in small parts of the world, for small periods of time. In a thousand years, perhaps our descendants will look back on the 150 years where democracies ruled half the world as another historical quirk. Other systems of government will always be there, for democracy to do battle with – not just in other countries but its own: after all, democracy is the only system that comes with the freedom to vote itself out of existence.

In democratic countries we have got so used to the idea of democracy that we normally think of it as inherently virtuous, and perhaps even the only legitimate system of governing. As it happens, I believe both of those things. But I am also a pragmatist: democracy will not prevail, and

especially not in a fast-changing, hostile world unless it actually works to help groups of citizens to navigate the problems they face. Democracy can only prevail if it can prove itself, once again, to be the best model in a hostile world.

It's the dilemma inherent in that question I debated as a teenager: self-government may be morally superior to good government, but if self-government is not good government, it will fail anyway. If other forms of government are more successful at promoting the collective interests of their people, they will prevail, either by being voted in to replace democracy, or by force, as other countries, with better systems of government, accrue power.

I, like millions of people, believe democracy has moral value. It is an infringement on our liberty to submit to others' rules, and there is a strong case that this is only justified if we have had the opportunity to contribute to making those rules. Someone has to make the rules: it should be us. I am persuaded by this argument but I'm not very interested in it, because you either believe it or you don't, and even if you do believe it it tells you very little about how you might design or circumscribe the powers of that democratic rule.

I want to look instead at the question of why democracy might be a good, or even the best system for navigating the collective interests of 70 million people – or 7 billion. Only by understanding the dynamics that ought to make democracy work can we have a hope of redesigning it to fit the needs of the age.

WHY DEMOCRACY

There is one, unescapable problem with making democracy work. The people. Too many people base their case for democracy on a flawed, optimistic and excessively complimentary view of human nature. I don't want to rely on a claim that human beings are perfect, because we are not.

People themselves are a fundamental problem with democracy. Human beings are an odd species, full of cognitive and behavioural quirks that often seem ill-adapted to securing our own good, let alone the common interest. We are, as psychologist and behavioural economist Dan Ariely

puts it, “predictably irrational”. We over-value the present against the future (why else would we be so bad at saving for pensions?). We are routinely wrong when we estimate basic facts about our countries (just to give two examples - in the UK, people think the Muslim population is three times its actual size, and that violence against women is half as common as it actually is). We even struggle to look after our own health (a third of adults are obese, including me from time to time).

Universal suffrage takes the judgement even of the worst of us, the weakest of us, the most misguided, the most selfish and gives it equal status with the judgement of the wisest, most intelligent and most capable. This isn't an attempt to denigrate the intelligence of the voters, by the way: it's simply a mathematical fact that in any group of people, half will be of below-average intellect.

So why should democracy, which empowers all equally, regardless of merit, work at all? Wouldn't a “geniocracy” of the most intelligent of us be more successful in choosing good policies? Some political philosophers have argued that it would be.

A number of cases have been made for why and how democracy might be a good system of government. Let's assume that the goal of government is to maximise the collective interest over time; on another day, and in another book, we might want to argue about what that interest is - is it maximising wealth? wellbeing? freedom? For our purposes here, let's simply settle for the phrase ‘collective interest’, while recognising its ambiguity.

One simple argument is that democracy might improve the quality of decision-making: the interests of the people are more likely to be taken into account when a democratic government is deciding what to do. That's quite different from a system in which a king, say, decides what to do, or even an expert. It is, perhaps, more likely that we will get an answer that effectively balances the interests of the whole population if the whole population is involved in choosing it.

A second argument is more cynical. It's possible to argue that electoral politics primarily benefit societies by introducing the power of the competitive market into the structures of government. In economics, companies or individuals improve their performance, or productivity, in response to what's called the “threat of exit” - the freedom their

customers have to switch to another provider. Elections create a similar competitive pressure on the government's leaders: if you're rubbish, you'll be voted out, so you make every effort to be good. This argument is cynical because it is entirely compatible with the rather dim view of humanity's capabilities I set out above, and often associated with elitism. Austrian economist Joseph Schumpeter argued, for example, that citizens should not have any direct role in governing; they were too poorly informed, ill-educated, and incapable of making good judgements. "The mass of people are not in a position to compare alternatives rationally," he wrote, in *Capitalism, Socialism and Democracy*.

The third main argument for democracy is also compatible with a dim view of human capabilities, but it also requires quite a dim view of the value of government. Often put forward by libertarians, the argument can be made that democratic accountability slows government down: the need to secure the consent of the people acts as a hurdle to stop the excesses of the state, from over-regulation to unnecessary wars. Democracy preserves the freedom essential for innovation, creativity, and prosperity, because it acts as a brake on the tyrannical state.

This view is more common than you might think. In a cab one night with a friend from the Conservative party I was bemoaning the inaction of Eric Pickles, then Secretary of State for Communities and Local Government, on the rising cost of housing. My friend told me I had to understand that "people like Eric" are only in government "to keep the Reds out." In other words, they held office not to get things done, but to prevent things from getting done.

Finally, with a focus on civil liberties rather than entrepreneurial freedom, it can also be argued that democracy is more likely to protect individuals' rights. This might be caused by giving citizens the vote: if their privacy and rights are regularly violated, they can vote out the government, so the government will be more constrained in its actions. But it might also be correlated with giving the citizens the vote: states which value and trust their citizens enough to grant them the vote are likely to also value and trust their citizens enough to put in place other constitutional protections, like the right to a fair trial, the right to private and family life, or the right to freedom of association.

I don't think any of these four arguments is sufficient for the challenges of today. The next paper looks in detail at what those challenges are, but the simple story is this: the economic, demographic, technological and climate transformations we are living through require increasingly coordinated action, between individuals, communities, and nation states. If you accept that, then it's no good to say that democracy's success is predicated on its ability to slow down or limit government action.

The market argument also falls down: as we've already seen, the threat of elections frequently puts more pressure on government not to do the right thing, than to do it. And neither is democracy working to put the interests of the nation as a whole into the priorities of government, partly because our electoral system foregrounds the needs of swing voters in a handful of constituencies. Finally, the pandemic has showed that democracy puts very little constraint on government to protect civil liberties, primarily because the majority of voters tend to support interventions like masks and lockdowns when there's a clear public health justification. The liberties of minorities are always at risk from the majority.

It's no wonder more and more people, especially on the progressive side of politics, are falling out of love with democracy. You can't swing a cat - alive or dead - in Westminster without hearing from technocrats, think tankers or business leaders who want to "take" their policy problem "out of politics" so that we can do "the right thing" without having to explain or persuade people first. The people keep getting in the way or wanting the wrong things. Garrett Jones, an American academic, makes a robust case for "10% Less Democracy" in his book of that name.

I believe they are wrong to do so. And that's because of the fifth argument for why democracy could and should be the best system of government: it builds legitimacy. Our right to vote helps build trust between people and the institutions that govern them, and faith in the system that can support trust between people themselves. This is the most important pillar of the case for democracy, and the central theme of this paper; it's also the main reason why our democracy needs to adapt. So how does this trust mechanism operate in a well-designed democracy?

TRUST AND EFFECTIVENESS

We have government because some form of collective agreement of norms and rules enables societies to manage when the interests of one person or group are in conflict with another. A system of government allows those disputes to be settled in a way that, at least in theory, maximises the collective interest over time. In our competitive political system, where one party seems to represent the interests of one part of the population and the other party an opposing set of interests, we spend much of our time thinking about government as a question of who's up and who's down.

But a system of government also enables us to settle problems where individuals' interests are not in conflict with one another – their interests are aligned but only if they coordinate their action. This idea is there in the Leviathan, one of the earliest modern theories of the state, written by Thomas Hobbes in 1651. He writes that in a "state of nature" – without laws or government – we would be in a permanent war of all against all. If you are always permitted to take anything from anyone, do anything to anyone, then your only option is to fight to defend yourself and your interests. As Hobbes explains:

"In such condition, there is no place for industry; because the fruit thereof is uncertain: and consequently no culture of the earth; no navigation, nor use of the commodities that may be imported by sea; no commodious building; no instruments of moving, and removing, such things as require much force; no knowledge of the face of the earth; no account of time; no arts; no letters; no society; and which is worst of all, continual fear, and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short."

I'm not sure Hobbes' rather bleak view of human nature is any more accurate than the idealistic assertion that we are naturally good. But you don't need to believe we would fall into immediate mutual murdering the moment the government closed down to accept the broader premise: there are times when a shared rule helps to create benefit for everyone. Laws against theft reduce the amount of time and money we all need to spend defending our property; laws against overfishing ensure there are enough fish to feed us all next year; the list goes on and on.

I often think about this when I encounter a temporary speed limit on the road ahead. These are often imposed if there's been an accident and it's taking time for the traffic to get past the obstruction. Clever people with computer models of traffic flow have proved that if everyone carries on driving at 70, the obstruction will steadily get worse, as more and more people queue to get past the bottleneck. If everyone slows to 50 the obstruction will clear, as the number of cars arriving at the bottleneck will reduce for a time. This is a simple example of what economists call a coordination problem. If everyone follows the 50 speed limit, we all benefit. But the best thing for me as an individual is if everyone else slows to 50, but I carry on at 70. Everyone wants to be the "free rider" who benefits from collective action without paying the price. This is why, with speed limits, as with most regulation, you need enforcement as well as collective agreement.

A million debates can be had about the margins of the collective interest. Healthcare, for example: should we pay for it through shared taxation or individual charges? If we pay collectively, we create a moral hazard problem: I can take all sorts of health risks from skydiving to smoking, and the impact on my personal bill will be very low. However, if we pay individually, the chances of catastrophic costs that individuals cannot afford becomes high; the number of people unable to work because of health problems will rise; and we all feel the impact on our economy.

Debating these dilemmas is at the core of politics. We don't need to settle the argument. All we need to do is recognise that public policy is not only about balancing competing interests. It is also, in many cases, about establishing rules that switch us from one equilibrium state – where it's rational to harm the collective interest, including your own – to the alternative – where it's rational to act in the collective interest, including your own.

So why is trust important? In any set of rules, there is a relationship between trust and enforcement.

Think back to the last time you went to the supermarket. Why did you pay at the till instead of just walking out with your groceries? I expect there are two reasons: first, you didn't want to get caught, because you would have been punished. You wouldn't have got the groceries for free, and you might have faced a police caution or even a fine. But

second: you actually think it's right to pay for groceries. Perhaps you quibble about the price of some items or worry about the power of the big five supermarkets; perhaps you once found something in your trolley that you forgot to scan through, and you kept it rather than going back to the checkout. But fundamentally you're happy with the basic relationship between the rules and you. Almost everyone is, so the security staff can mostly keep up with the numbers of attempted shoplifters.

Now imagine there is a riot. All around you, people are taking things off the shelves. We saw this in London in 2011, when rioters started smashing windows and taking consumer goods in huge volumes. Of course, most people didn't participate; most people went home. But there were so many more people committing crime at a single moment that it was extremely difficult for the police to stop them – they simply didn't have the numbers. Mass protests by civilian anti-rioters did, in some places, create the critical mass larger than the numbers of rioters, and stopped the destruction. Where it was just the police, they were outnumbered. The only way of regaining control was to use force.

The same thing would happen in our supermarket if a large number of shoppers started taking things without paying. Security guards and shop staff would be easily outnumbered and unable to prevent mass shoplifting. Perhaps they would try to lock the doors, and a fight would break out.

In a world where, say, even a quarter of shoppers routinely tried to steal products, the supermarket would need to implement drastic measures to protect its stock: far higher numbers of security guards, electronic tags on every product, stop and search of customers. It would slow down our weekly shop enormously, and it would also cost the supermarket a huge amount of money they'd have to pass onto us in higher prices. There would effectively be a collective punishment.

In criminology it is understood that there are often two self-reinforcing equilibrium states: high crime and low crime. In a low crime environment, it is easy to enforce the law, because offender numbers are low. So it is high risk to commit a crime – chances are you'll be caught. In a high crime environment it is hard to enforce the law because there are large numbers of offenders. So it is low risk to commit a crime – chances are you'll get away with it. The main theory behind the famous

“broken windows” theory is that we pick up cues from our environment – like broken windows or graffiti – about whether this is a high crime or low crime neighbourhood, and that influences our behaviour and choices about how to behave.

There’s obvious harm from being stuck in a high-crime equilibrium, in the shape of the crime. But it’s also expensive: high enforcement eats resources.

In the early days of the pandemic lockdown, when we were first issued with a strict instruction to stay at home, I faced a dilemma. My little sister (she’s nearly 30, but in my mind she’s still my little sister) was returning from what was supposed to be a long holiday travelling around central and south America. It had been curtailed and she’d got on the first direct flight she could. She was going to stay with me until she could find a flat. Now, it was clear that I was not, under the rules, allowed to pick her up from the airport, because “picking people up from the airport” was not a legitimate excuse for leaving home. However, if I didn’t collect her, she’d need to travel by public transport or taxi, exposing her to more people who might have Covid, and increasing the chances she would bring it into my home. If she herself had Covid already, she’d have risked infecting the taxi driver or fellow tube passengers. By contrast, if I broke the rules, she and I would be the only ones exposed to each other – which was going to happen with her living in my house for a few weeks anyway. You didn’t need to be an epidemiologist to see that it was safer for everybody if I collected her.

What frustrated me at the time was that there was no official I could ask for guidance or advice on this. I immediately imagined a bank of official staff who could give people authorisations if they had this kind of edge case and tell me I was right, I should go to the airport. Then I realised what a nightmare it would be both to implement, and to interact with.

Authoritarian states often have these kinds of complex bureaucracies to govern all sorts of petty compliance issues. Stories from behind the iron curtain so often include queueing to get some sort of piece of paper stamped. These bureaucracies are, unsurprisingly, often rife with corruption. But even if they aren’t they’re still expensive, in terms of both the direct costs of the officials, and the impact on slowing down everyone’s lives.

Unless people are fully bought into both obeying the rules and paying the costs of bureaucracy, they have a strong incentive to break the rules, meaning the state needs to put in more enforcement. A high-crime, high-enforcement society is self-reinforcing and expensive in both direct and indirect terms.

But what does a low crime equilibrium look like, where you can maintain low levels of harm without high enforcement? It's about more than whether the windows are broken. It's about a complex, unspoken and unwritten set of relationships between people and the law, and people and each other. Trust and confidence in one another to comply with rules that are believed to be, and experienced as, fair.

Robert Peel made this case in his foundational work that established the principles and practice of modern policing. He argued that it was mutual trust between citizens and confidence in the law that kept crime low enough for enforcement policing to be possible; he argued that police should be judged on levels of crime in society, not the number of criminals they caught, because perversely, a high crime environment makes it easier to catch criminals – there are more of them. And he argued that a trusting relationship between citizens and police was essential. Peel's ideas are summarised by the phrase he used: "The police are the people and the people are the police." Police had to be drawn from the communities they served. By maintaining trust and confidence between citizens, and a strong relationship between police and the citizens, crime could be brought and kept low.

The magic of trust between citizens, and confidence in the law, is vital to the healthy functioning of society, far beyond the borders of crime and justice policy. There is evidence that high trust leads to greater growth; money can be invested more productively than in enforcement and bureaucracy – there are fewer lawyers and lawsuits on contracts between people who trust one another. As David Halpern has written: "our ability to get on with our fellow citizens oils the working of markets, lowering the costs of transactions and speeding the flow of information on which economies rely." And high social trust, with strong relationships between people, their community and their state, are all closely correlated with human wellbeing: countries and regions with the highest levels of social trust tend to have not just the strongest growth, but the greatest levels of subjective wellbeing, too. Halpern concludes that social trust

is fundamental to success at times of crisis, too: “The resilience of a community or nation to survive through economically difficult times rests heavily on its hidden wealth - not the money that its citizens have squirreled away under their mattresses, but the preparedness of citizens to help each other”. Halpern didn’t need to limit his claim to “economically” difficult times: the same truth holds for any crisis, as we have seen during the pandemic. Those communities who had strong social capital - composed of people who were willing to help one another - got through the crisis more easily than those communities who did not.

In his seminal work *The Wealth of Nations*, Adam Smith wrote of the “invisible hand” of the market, in which the self-interest of individuals creates goods and services that benefit others. As he explained “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.” While markets need to be regulated to be effective at creating consumer benefit, Smith’s basic precept remains true: our pursuit of self-interest can, in many circumstances, benefit society at large.

Nevertheless, it takes only a cursory glance at human societies and history to recognise that most people, most of the time, are motivated by more than self-interest. We act to help other people in a huge range of circumstances and situations. This has been called the “other invisible hand” - the complex web of our actions, and interactions, when we act out of compassion, altruism, generosity, and kindness to others.

Now evolutionary psychologists might explain that we are altruistic because it improves the chances of our selfish genes getting the chance to reproduce, and our descendants surviving through a harsh winter. Philanthropists or charity fundraisers completing ultramarathons might explain that they give because it makes them feel good. In other words, kindness can be seen as simply another form of self-interest.

But I think it’s more useful, when thinking about successful societies, to keep the concepts separate. There are two invisible hands - the invisible hand of self-interest, and the invisible hand of altruism. Each strengthens the other - the pursuit of self-interest often creates collective benefit, and acts of compassion often reward us with wellbeing. But both hands are most effective when they operate together; we are, after all, a two-handed species. Societies in which people only pursue their immediate

self-interest are as dysfunctional as societies in which people are forbidden from doing so. Much of our prosperity comes from our self-interest, but much of our resilience comes from that “preparedness to help each other” Halpern talked about.

It’s important to note that when I talk about willingness to act in the common interest, I am not just talking in code about willingness to pay more tax or increase the size of the state. It is as important for right-wing politicians as it is for left-wing politicians to promote citizens’ willingness to act in the common interest. The most obvious example is that an open market economy is one in which business failure is normal, as competition drives poor performers to the wall. This hurts individuals who lose their jobs or livelihoods - at least temporarily - but benefits the economy as a whole. Accepting this, for the collective good, is another form of solidarity.

Democracy may not be the only way of building that magic of citizen trust, but it’s the only one that can work in a diverse society.

WHAT PULLS US TOGETHER?

In 2009, George Osborne walked onto the stage at Conservative party conference to the tune of the S Club 7 song, We’re All In This Together. He made the case for austerity – reductions in public spending and tax rises – dependent on a promise that the pain would be shared right across society. The financial crisis had created a problem; he would fix it; and we would share the burden.

Osborne made this case because there was then, as there is now, clear evidence of the case I’ve made: that the public were willing to face up to a difficult set of circumstances on this precise condition. We have to all be in this together. He was trying to tap into the spirit of the “demos”, just as governments have over the last eighteen months in urging collective response to the pandemic. He did it because it works.

Studies we’ve done at Demos on the tax system came to a similar conclusion: the public are willing to support an income tax rise so long as it applies fairly to everyone, with exceptions only for the lowest paid. And during the pandemic, we’ve seen both extraordinary levels of public support for disruptive and difficult lockdown restrictions, and

ways in which that support has been shaken by any sense that the rules don't apply to some. When a single set of national restrictions were replaced by local tiers, endless arguments about what was fair broke out; when national restrictions returned – even in places with very low case numbers – support rose.

This doesn't add up to a case for democracy, of course. A similar outbreak of mutuality and compliance has been seen in almost all countries, correlated more closely with high functioning governments than with democracy. The process of democracy is not the only way of building high social solidarity or government legitimacy. Kings used to argue their rule was legitimate because they were chosen by God. Some countries prefer religious law because it, too, is chosen by God. However: solidarity is sustained in these societies by conformity: either a shared religion or a shared birthright, neither of which can be replicated in a society with high immigration and high religious and ethnic diversity.

A diverse society needs to be brought together in a state of trust by a process that does not depend on birthright or conformity: democracy is the only process that can do that. Our generation is struggling with democracy because we've stopped trying to use it to that end: we've started to think of it as the war of all against all, instead of a way of building legitimacy for government action and - most importantly of all - relationships between our people. As I'll explain in more detail in the third paper, we've treated elections as theatre, not dialogue, and politics as a game to be won, not a meaningful conversation about the complexity of the nation's future choices.

That's reached a breaking point because of twin problems: diverging interests between different segments of the population, and the breakdown of social capital. As I'll explain in the next paper in this series, the problems we face today cannot be addressed by simply allowing us all to pursue our self-interest in the marketplace, because our interests are increasingly in conflict with one another. But our willingness to subordinate self-interest to the collective good is failing: our willingness to "help each other" is diminishing as political, economic and social trends reduce the bonds of common identity between us. Essentially we're asking people to make greater and greater sacrifices, but offering them less and less reason to do so.

Gloria Foster suffered alone because of profound political dysfunction. Voters would never support a system, in aggregate, that left someone to experience such agony. And yet voters have opposed tax rises, supported robust immigration enforcement, and supported governments that cut back local government budgets to breaking point. The mismatch arises because - with the best of intentions - we have allowed citizens to outsource all complexity and decision-making to elected officials, about whom they then complain. As I will argue in this series, we need a far richer, participative democracy, in which citizens collaborate instead of subordinating all their decisions to elected officials caught up in destructive political dynamics that make good government impossible. Democracy has been reduced to an x in a ballot box once every few years; a democracy that thin has only paltry potential to hold society together.

We need what my predecessor at Demos, Tom Bentley, called an “everyday democracy”, in which participation enables us to strengthen the second invisible hand on which our society depends, and build up the democratic skillset of compromise and collaboration. An everyday democracy is one in which democratic processes themselves bring citizens together, build relationships and build consent.

As Tom put it in 2004:

“Without renewing democracy at every level, our capacity to succeed as societies, and then as individuals within them, will drain away. Without new forms of democratic sovereignty, innovative and creative changes to our current model of political economy will not emerge. Without the mass exercise of citizenship many of our public traditions and institutions will atrophy. Without a new level of direct citizen participation the legitimacy of our political institutions will continue to decline. Without new cultures of dialogue, exchange and learning, our social differences will overwhelm us. That is why democratising the relationships between people, institutions and public authority is the central challenge of our age.”

We’ve already waited the best part of a generation to meet that challenge. A child born when Everyday Democracy was published is just about to earn the right to vote. We cannot wait any longer to build them a democracy that works.

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Demos is a champion of people, ideas and democracy. We bring people together. We bridge divides. We listen and we understand. We are practical about the problems we face, but endlessly optimistic and ambitious about our capacity, together, to overcome them.

At a crossroads in Britain's history, we need ideas for renewal, reconnection and the restoration of hope. Challenges from populism to climate change remain unsolved, and a technological revolution dawns, but the centre of politics has been intellectually paralysed. Demos will change that. We can counter the impossible promises of the political extremes, and challenge despair – by bringing to life an aspirational narrative about the future of Britain that is rooted in the hopes and ambitions of people from across our country.

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