DEMOS

MAKING DEMOCRACY WORK

POLLY MACKENZIE

C**O**NTENTS

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-19 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.

LIVING IN THE EXPONENTIAL AGE

INTRODUCTION

I passed my driving test when I was eighteen. I took the test in my step-mother's white Nissan Micra, a car I'd only driven five times, and which handled very differently from the diesel saloon in which I'd done most of my driving practice. I kept stalling it. I was convinced I was going to fail, and was a pretty typical teenage bundle of nerves and agitation as I sat waiting at the test centre.

A few minutes into the test, it started to rain. I turned on the windscreen wipers and out of the corner of my eye I noticed the examiner tick a box saying I'd correctly used the 'auxiliary controls'. That was when I started to think I might be alright. Five minutes later, we were driving around a small lake in the suburbs of my local town – the kind with rowing boats, a small cafe and a lot of tourists. I had to slow for a horse and rider making their way along the road. Just as I was about to overtake the horse, a dog raced out from a hiking trail in front of me. Then a fat, brown duck waddled up out of the pond and took a leisurely walk across the carriageway. I managed not to panic but to keep the car under control and wait while the menagerie continued on its way. I made some sort of light hearted remark and the examiner laughed. That was when I just knew I was going to pass.

The driving test, a rite of passage most of us put ourselves through, may disappear in my lifetime if cars learn to reliably drive themselves. But it has been part of the legal landscape for driving since June 1935. It was needed: even with just 2.4 million vehicles on the road, more than 7000 people were being killed in car accidents each year. The driving test is, of course, just one way in which the hazards of a vehicle free-for-all have been mitigated. Cars have far more stringent safety requirements, which make them far safer in the event of a collision. The humans in them are required to wear seatbelts. Road design, from layouts to lights, from crash barriers and warning signs to the road surface itself, has improved immeasurably. As a result, even with more than ten times as many vehicles on UK roads as there were in 1935, there are about a quarter as many deaths.

Safety has not been the only preoccupation of policy makers thinking about cars over the last century. At least as much effort – and certainly more money – has been put into the question of how we maximise the economic opportunity of the car. Billions of pounds' worth of roads have been improved, built and expanded to enable us to take advantage of the unparalleled mobility offered by private motor vehicles: door to door transport at speeds that would have been unimaginable to our ancestors.

I'm not going to delve into the rights and wrongs of car policy here. I want, simply, to use it as a standard model for how policy makers respond to technological innovation. On the one hand, they look for new harms that need to be reduced or eliminated through regulation. On the other hand, they look for new opportunities that can be realised through infrastructure, investment, or changes in regulation.

But there's a third set of policy questions that need to be considered when you're thinking about the transition from a society with low car ownership to one with high car ownership: the public health impacts, and I don't mean pollution. Pollution is an obvious impact of cars that most decent officials would consider part of "car policy". I mean obesity and heart disease.

A society without cars is one where people default to active travel: walking and cycling. They don't travel as far, but they burn a lot more calories when they do travel. Even if there's public transport, it rarely stops outside the door, so people have to walk to the relevant stop or station. With mass car ownership, people default to travelling comfortably in a metal box, forward momentum powered by petrol instead of body fat. So a society in which most families own a car is one where the government is going to have to think a lot harder about how to keep people active, for the sake of their hearts and their waistlines.

To be fair, campaigners are starting to bring this dimension into the debate about the future of car policy, but it's only become mainstream thinking 100 years into widespread car ownership. That's because it's often hard to think about these kinds of subtle, diffuse and frequently social impacts of technological change: the way it changes the minute-by-minute patterns of our lives and choices, and what that means for what the state needs to do. Technology has huge benefits; it has internal harms we can and should regulate to reduce; but it can also contribute to the creation or exacerbation of seemingly separate problems.

We might not want to abolish cars to tackle obesity, but if we decide we want to keep a world dominated by cars, we have to lean harder on anti-obesity policy than we did before. The more general lesson is this: the state has to

adapt in fundamental ways to technological change, and adaptation is about far more than just figuring out how to regulate the new technologies.

In other words: you don't have to think change is bad to believe the state might need to change radically in order to respond.

This paper, part of a series on reforming democracy, looks at the vast scope of the change we are living through, and the way in which that change shifts the landscape for the kind of state the country needs. The phrase "exponential age" I use to describe that change is not my own: I have borrowed it from writer and investor Azeem Azhar, whose work I've been following for years. Researching the way financial technology was disrupting consumer markets, back in 2015, I stumbled across his newsletter – Exponential View – which set out to "help us understand how our societies and political economy will change under the force of rapidly accelerating technologies." It's a weekly must-read, and it's Azeem's central analysis of the period in which we live, and the difficult dynamics it creates for politics and society, that drives much of my thinking.

As Azeem explains in his recently published book, The Exponential Age, we face "a new period of human affairs catalysed by accelerating technologies in four broad domains: computing, energy, biology and manufacturing. … As these technologies mature from proto-science to well-understood breakthroughs, their compounding improvements become more and more noticeable. At some point, they become very, very powerful (or very, very cheap) depending on how you look at things. […] These technologies accelerate and create a gap between their potential and the ways our societies and economies run. The exponential gap causes ripples & ruptures in our ways of life."

I will argue, through this series, that to thrive through an era of exponential change we need a new "gravitational state". The final paper will set out in detail what that gravitational state should look like, but here my goal is simply to explain why it's needed.

In the first paper of this series, I looked at the forces that need to be in balance to sustain consensual policy making within a democratic society. The more divergence between the interests of different groups within that society, the harder it is. But the more individuals and groups trust, and feel solidarity with, others within their society, the more willing they are to support compromises and sacrifices in the interests of the common good.

In this paper – which I admit, is not a very cheerful one – I look at twelve different features of the age we live in that are sabotaging that delicate balance and making it harder for us to secure widespread democratic consent for the policies needed to respond. The first six are all characteristics of the kind of policy problems we are struggling to resolve: complex, divisive and at once personal and global in scope. These characteristics, together, are driving the divergence of interests between groups.

The last five are political and technological trends that are pulling those groups apart, eating away at the social capital that holds societies together, and sustains compromise in the common interest.

1. CHANGE IS TOUGH; FAST CHANGE IS HARDER

First things first: change is hard work.

It is a universally acknowledged truth in the marketing industry that the best thing to put on the packaging for your product is the word "new". You might assume that consumers' enthusiasm for trying new styles of frozen pizza or chocolate reflects a wider appetite for change, but this would be a mistake. Certainly: some people have a strong default enthusiasm for change, and my experiences in Westminster and Whitehall suggest many of those people work in government, on the front lines of policy, where they can have exciting conversations about how many different things are happening. Journalists, too, have an almost unrelenting appetite for the new and intriguing. So this creates a perception in the Westminster bubble, and the media landscape, that change is what we're all champing at the bit for.

But change enthusiasts are not the norm. Most people, on balance, prefer most things in their lives to stay the same. They approach change with a combination of rational and irrational scepticism. Change could make their lives worse. Change comes with adaptation costs: from learning how to use a new remote, to training for an entirely new career; from clearing out the loft so insulation can be laid, to moving house to make way for a new railway line.

Of course these changes could make life better. But our attitude to change is often influenced by what psychologists call our cognitive bias of "loss aversion". In experiments it's been shown that most of us will pay more to keep things we have than we would pay to acquire them. We get attached to things, and to ways of behaving. That can make all kinds of change difficult: from a change of address to a change to how we make appointments at the doctor's. In particular, as we get

older, or among vulnerable people for whom the risk of change going wrong is higher, we avoid it where we can. If change is happening everywhere, and getting faster, it is destabilising for many people. Those who move more slowly get left further and further behind: in fact, exponentially further behind.

Our personal struggles are mirrored by the struggle the state faces. Economic transformation may create jobs in one sector while destroying them in another; in a democracy we can expect electoral pressure for state-supported unemployment payments, subsidies for retraining, or direct job protection. New technologies can create new harms – like revenge pornography – or new regulatory risks – like payday lending – alongside new benefits. New migration into an area may change the language needs of health care and education providers or put pressure on infrastructure.

Markets are relatively able to respond to those pressures but state services often find it harder. Budget planning cycles are longer and slower. Regulation follows set procedures. Legislation takes years: the pathway from a green paper to the statute book is littered with failed plans and there is never enough time to get through all the laws the government would like to pass. Yes: legislation can be rushed through in an emergency, but the non-urgent updates to things like taxi regulation or employment law get left in draft often for years at a time.

When I'm bored I occasionally play a cooking game my kids downloaded onto my tablet computer. You have to serve customers from a fixed menu; you put the hamburger on the grill, wait five seconds then cross the kitchen for a bun, pick up the milkshake and serve. And then you make spaghetti with prawns for the next guy. It's pretty easy to start with. But then the customers arrive faster and faster and you've accidentally put the spaghetti

in a bun and burnt the burger and you have to start cooking again. You lose once you can't keep up.

It's not that adapting to change in our public services or laws is impossible. Any few challenges could be navigated. It's that when you've got twenty issues clamouring for a response at the same time that you can't keep up.

If you accept that adapting to change requires effort, then you will see that the simplest problem we face right now is the scale of change. Not just one, but several revolutions are underway. Technology is transforming our society, our democracy, our jobs, and our lives as consumers. Climate change is a clear and present danger that could dwarf the impacts of even the Covid-19 pandemic. Our media networks and the ways we access information have been transformed in a generation. Across the west, our populations are ageing, and growing more diverse, creating new social and financial pressures as well as opportunities. Crime and terrorism cross borders at an unprecedented scale. Power is shifting eastward, while the trend toward globalisation is shifting towards regional blocs, which may end up ranged against one another in a new cold war.

Change is not simply happening quickly: the speed at which it is happening is accelerating. During the pandemic we have got used to the word exponential: change that adds fuel to the change that follows. This is the kind of change we face, on almost every front.

In the world of tech we have Moore's law – the observation that the computational power of a chip tends to double every two years, baking in the acceleration of technological change over time. Demographic change can also be self-accelerating both in terms of age and diversity. The older your population, the smaller the proportion of people are of reproductive age, so the lower the birth rate. A high number of older people also puts financial pressure

on the working age population, which makes them less able to afford large numbers of children, pushing the birth rate still lower. Diversity creates a different, but equally accelerative mechanism: people born abroad are more likely to come from cultures with a high birth rate, and therefore tend to have more children. People born abroad are also more likely to have relationships with people in other countries, whether as partners or family members. They are therefore more likely to sponsor additional migrants. This can be – and often is – overstated, with moral panics about chains of migration where a single person sponsors multiple waves of migration. This is extremely rare. Nevertheless, there is a marginal effect whereby the number of foreign-born people in a country tends to accelerate rather than follow a linear progression.

Climate change is unlikely to follow a smooth curve, but the hotter things get, the faster change will happen. And the economic changes we need to go through to reduce our carbon emissions follow their own difficult curve: the first are the easiest. The lower our emissions, the fewer easy wins there are, and the harder it is to win consent for the next stage of transition.

2. WE NEED TO CHANGE OUR OWN BEHAVIOUR

In 2014, the Food Standards Agency published data showing that 80% of the UK's more than quarter of a million food poisoning cases a year came from contaminated chicken. Chicken is often contaminated with campylobacter which can cause diarrhoea and vomiting, and sometimes more serious effects, so it needs to be cooked thoroughly. But under-cooked chicken isn't the biggest problem: one of the primary ways people get infected is when they wash their chicken under the tap. Water droplets bounce off the chicken and spray around

the kitchen, taking bacteria with them. The bacteria-infected spray can travel half a metre in every direction. The advice is clear: don't wash raw chicken. And yet more than 40% of British people did so, as a matter of routine.

The FSA has been working on an end to end strategy to tackle this problem for years. They now have advice labels on all packaged chicken. And 15 percentage points fewer people report washing their chicken as a result: phenomenal change. But it's still about a quarter of us routinely washing chicken. It is culturally embedded. People have been taught by their parents or grandparents that this is the way to do it and – to them – it feels disgusting to cook an unwashed chicken. They are reluctant to change. So the food poisoning goes on.

Of course, while food poisoning is unpleasant and can cause long term problems, it is not one of the 21st century's greatest challenges. Nevertheless, it acts as a reminder of how long, and slow, the process of changing people's behaviour can be, even if we're asking people to make a change that will cost them nothing, and keep them healthier.

So the second characteristic of the Exponential Age we need to worry about is this: on many of the issues we face, citizens need to change our behaviour on a vast scale.

We need to drastically reduce carbon emissions to prevent catastrophic climate change. People need to change the way they travel, eat, heat their homes and more. Of course, it isn't just up to individuals to change their behaviour: whether it's decarbonising the electricity supply, investing in new transport options, or regulating the packaging of the food we eat, government intervention shapes the choices we can make, and over time, will make it easier for people to make low carbon choices. Many high-emission options need to simply disappear, like the old light bulbs with a filament, or leaded petrol, already have.

But whether you regulate us into changing our behaviour, or use subtler techniques like marketing campaigns, labelling or taxation, the changes we need to make will affect day-to-day life in profound ways. And climate change is not the only issue that is creating, or requires personal shifts in behaviour.

All across the West, we are struggling with obesity. People need to improve their diets to eat more healthily: as always, there is an argument between those who want the state to regulate the food companies and the supermarkets, and those who want us to take individual responsibility for our diets. But wherever you sit on that political spectrum, one way or another the food going into people's mouths needs to be different – or we need to accommodate ourselves to paying taxes to cover the high costs of obesity-related disease.

Social media allows us to express ourselves online in new ways and to new audiences. And yet even in its 20-year lifespan, social media has created its own behaviour problems that need to be addressed by behaviour change. Trolling and abuse. Fraud, catfishing and doxing. False information, deepfakes, and astroturfing. We talk about what should be banned; what kind of harms should be regulated away. But the movement for a better internet also campaigns for shifts in our collective behaviour to drive out those harms: we are told not to engage with trolls, encouraged to report abuse and fraud, to avoid content chosen by the algorithm and make our own choices about what to read and watch.

We are also going through cultural and demographic shifts that require people to change their day to day behaviour. Campaigns like Me Too and Black Lives Matter call for changes in the words people use, the questions they ask, and the expectations they have of other people. We can

– and I do – advocate for those changes, but we have to acknowledge that they are work. Even though there is a compelling case that this work is a small amount of effort when compared against the experience of systematic racism or misogyny, it is still work.

So from the language we use to the products we buy, from the links we click to the food we put into our mouths, behaviour needs to change in intimate spaces in ways that – like the chicken under the tap – are far beyond the reach of any regulation or law. Behaviour in those intimate spaces will change through the far slower process of the steady accretion of social norms.

3. ABSORBING EXTERNALITIES

We've seen above that people can have an aversion to change per se, that goes beyond conventional measures of their rational self-interest, and that it takes time to shift behaviour. But we need to recognise that aversion to change is often perfectly rational, because the individual in question is likely to lose out as a result of the change. This problem is acute at the moment because many of the changes our society needs to go through are pushing new costs onto people that – in the past – they could avoid.

Economists talk about "externalities": the impacts of any action that affect someone other than the person who took that action. If I run a factory that pumps out pollution into a neighbouring river, the harm I'm causing to the river and its ecosystem is one of these externalities. In an ideal system, regulation prevents these harms from happening, or taxes and charges recover the costs of remediating the harm caused. But if the taxes or regulations aren't sufficient, the factory is effectively receiving a subsidy from the people who are affected: they absorb the harm, and the factory reaps the benefits.

The impact of carbon emissions on our climate is one of the most enormous, unmitigated externalities in our economic system. For generations people have been burning fossil fuels in increasing quantities and increasing the concentration of carbon in the atmosphere. They have not been required to pay for the harm that carbon will cause to future generations – initially because it was not understood by scientists, but in recent years because representatives of those industries have made the case that it would cause too much economic damage to fully price in the cost of carbon impacts on the climate. Slowly, the case is being made for a Carbon Tax that would push up the cost of emitting carbon to reflect the harm it causes; generating funds to mitigate the impact of climate change, but most importantly creating a price incentive to find alternatives to carbon-intensive industrial practices.

However, people are simply not used to having to pay the full price of the harm caused by the carbon they emit. Prices of heating and electricity might rise. The price of plastic bottles; the price of transport; the price of meat. Some options might disappear altogether. The reality is that the prices of these items have been artificially low for a long time, and that new, higher prices, would be the "correct" ones. But that doesn't mitigate the impact on people who are forced to adjust their consumption patterns. And of course, a carbon price implemented today will have to be higher than a carbon price would have been if implemented thirty or fifty years ago. Effectively, we are going to have to pay the price now for the failure to tax carbon properly since the industrial revolution.

One of my first jobs in politics was working on the Liberal Democrats' proposal to replace Council Tax with a Local Income Tax. Under our plans, everyone would pay about 3% of their taxable income to the council, instead

of council tax. If your Council Tax bill was the average – about £1200 – and your household income was the average – about £27,000 at the time – then you'd be better off. When you looked at the population as a whole, this was a "progressive" proposal: it shifted money from poorer families to richer ones. However it was very easy for journalists and activists from other parties to come up with examples of people who would pay more: for example young people sharing a flat. If three people shared the Council Tax bill they'd pay £400 each. If they each earned the median wage of £21,000 a year, they'd pay about £500 each. There were plenty of other edge cases – student nurses who were exempt from council tax, single parents who got a single person discount and more. I spent hours on the phone to journalists trying to explain why the policy was fair, and simple. But the complexity of Council Tax, with its endless exemptions and discounts, made my job impossible. No-one believed the new policy would be simple, because the transition would be complicated.

The experience taught me a fundamental lesson about public policy. If you change an irrational system to a rational system, you automatically end up with an irrational set of losers. The problem is created by the old system, but the new system gets blamed. School funding, local authority grants, tax reform: I've come across the problem time and again. Every attempt to replace a complex formula with a simple one causes massive aggravation because it's impossible to explain why the 'losers' deserve to be punished. Saying it's the old system that created undeserved benefits gets you nowhere.

And this will continue to be the case with carbon pricing. We are asking people to pick up the tab for previous generations' mistakes, and adjust to a system that will feel different in unfair ways.

But it's not just on climate change that many people are being asked to pick up new externalities that, in the past, we were allowed to ignore. This way of thinking helps us to understand the rational aversion to many other kinds of policy and societal change.

Take the Me Too movement. Let's assume that indulging in sexist banter is enjoyable for the person or people who do it. For years, they've been allowed to get this benefit – enjoyment, camaraderie, status – without having to even acknowledge the externalities of this behaviour on those on the receiving end: primarily the women. The woman's distress has been allowed and ignored – banter, in fact, is so often coupled with the word "harmless", as if saying it is harmless can somehow erase the harm. Now, social change is forcing people to acknowledge the harm that "banter" causes. In some cases, employment tribunals are crystallising the costs to those on the receiving end into cash payments; in others regulation or workplace rules are preventing the harm from occurring at all. I welcome this change, just as I would welcome a carbon tax. But we should note that by shifting our expectations, we are imposing a cost onto those who want to keep their "harmless" banter. It is not surprising that some of them are reluctant to accept responsibility for the externalities of their actions given that those externalities have been ignored for generations, if not throughout most of human civilisation.

Once you start looking for it, you see this pattern everywhere in public policy: the need to price in externalities which have been ignored, and the huge resistance to change by those who benefited from an unfair system:

Vast amounts of housing wealth have been accrued by the Baby Boomer generation through a period of sustained house price inflation. These prices are propped up by

planning policies that constrain housing supply; planning policies which those homeowners do everything to maintain. Younger people face higher house prices and rental costs as a result; and the whole of society faces higher housing benefit bills both now and in the future.

Social media companies have created platforms for vast quantities of content, increasing the ability of human beings to be awful to one another. There is emerging evidence of some impacts on mental health, in particular among girls and young women. They created the opportunity and yet they don't take full responsibility for mitigating the harm.

Pensions. We created a set of entitlements that were just about affordable at the time they were introduced. We linked entitlement to National Insurance payments, but spent that money as tax revenue rather than putting it aside. Then life expectancy rose, increasing the costs of pensions. And our population got older, on average, increasing the dependency ratio – the number of retired people for each working age person. So now our pension system is extremely expensive for the diminishing number of working age people, but everyone believes they've earned an entitlement.

Immigration. We massively increased immigration without, for years, factoring in the impacts on our public services or infrastructure – from the need for more homes to better accommodation at school for children with English as an additional language. Nevertheless, our public services and agriculture industries became heavily dependent on migrant workers, many of whom could be more easily exploited with poor working conditions. Now the government aims to reduce the numbers of lower paid migrant workers and has no serious plan for dealing with the consequences for industries that hired them.

4. HIGH TRANSITIONAL COSTS

Shifting from one system to another almost always comes with transitional costs. This is particularly true when it comes to climate change policies. Take home heating. I live in a Victorian terrace that would originally have been heated by fires in every room. The chimneys and fireplaces have long since been blocked up, and the attic has been converted into a room that's insulated to modern standards. But the back part of the house has a separate tiny loft space, which still has only a thin layer of insulation. The front and back of the house are solid brick, with no cavity in the walls, so they leak heat. My predecessor in the house replaced the old-style sash windows with the cheapest double glazing known to man, some of which don't quite close properly, and let in the cold air. All in all, it's a grade D house for energy efficiency, which makes it pretty average for a house of its age.

I could fix this. I could install solid wall insulation on all the external walls; replace the windows; insulate the little loft space and, if I wanted to be really thorough, put in floor insulation too. Ideally, I'd replace my gas boiler with a ground source heat pump that converts the heat in the ground into hot water and heat for the home: my little London garden is probably just big enough. In total, I'd probably need to spend at least £30,000: these are the transitional costs from converting my house to an energy efficient one. It would probably save me about £400 a year on my energy bills.

There are several problems. First, it's a pretty poor investment. I could probably get a much better return for my £30,000 on the stock market. But let's assume we can correct that with subsidies or carbon pricing that puts up the cost of doing nothing. Second, it's a lot of money, and essentially we're asking this generation of homeowners to make the investments to benefit future ones. Governments have tried to create financial products

that allow us to spread the cost over the coming thirty years or so, like a mortgage, and attach them to the house. But these products have proved staggeringly unpopular, as have most efforts to subsidise anything other than the simple forms of home insulation: loft lagging and injecting insulation into cavity walls.

A large part of it is that there is one transitional cost that cannot be spread to the people who buy my house from me in ten or twenty years: the upheaval. I'd need to dig up most of my garden for a ground source heat pump; to insulate my loft space we'd need to cut a hole in the ceiling to get access; interior wall insulation is effectively solid blocks of foam attached to the walls, so I'd need new skirting boards, and I'd need to repaint the rooms, which would be a couple of inches smaller; and new windows would cause havoc in the house for days.

This is just one example of the impact of transitional cost: it puts people off making the change, for perfectly rational reasons. The best thing, financially, for me, would be to go back in time and get the previous owners to fix up the house. The next best thing is for the next owners to do it. The worst outcome is for me to do it. So people defer the problem.

Another example is training. We know that many of the jobs in the economy are under threat from both the transition to a lower carbon economy and the advance of technology. In the first group we have jobs on oil rigs, or making gas boilers. In the second group, we have factory workers at risk of being replaced by robots, and people in professional services – like lawyers and accountants – facing a future where their jobs are carried out by artificial intelligence. Some people believe that we will be moving towards an economy where there isn't enough work for everyone, but whether that's true or not, it's certain that many people will need to change from one job to another, perhaps in a different industry.

There are two costs associated with training. First: the direct costs of learning. Second: the loss of income from the time when you're not working. We can transfer some or even all of those costs to the state, or to companies by paying people's fees, or giving them an income while they are learning. But the costs are real wherever they fall.

When it comes to climate change, we're looking at a transition over twenty or thirty years to replace polluting industries with less polluting alternatives. Just as with the home insulation: it's the generation that decides to make this transition who has to pay.

Technology is creating the same pressure on training, but it may last even longer. In an era of fast and accelerating change, the chances are that people will have to retrain more regularly to keep up with the labour market. This may increase the total number of months and years people need to spend training. In effect, fast and accelerating change has created a training externality: it requires a higher volume of lifelong learning from workers and consumers alike. The faster change happens, the more time we need to spend developing the skills to cope.

5. FRAGILITY OF THE BOTTOM 1/3

Many of those who will be adversely affected by the changes we can expect over the next generation are already financially fragile, which makes the challenge of managing that transition even more difficult. We have seen the impact this fragility has on collective security during the pandemic.

Huge numbers of people and families had no savings or sick pay to fall back on and that made our whole economic system more fragile, increasing the call on the state for emergency aid. We have seen sharp differences between the rich and poor in terms of not just mortality,

but wellbeing, safety, hunger and loss of income. The UK has comparatively high levels of obesity, diabetes and hypertension, all of which are risk factors for severe disease with a Covid-19 infection. Ministers have now accepted that the overall health of the population contributed to our systemic vulnerability to this pandemic and increased the number of deaths and ICU cases. More broadly, it is likely that high levels of anxiety and depression in wider society made us less resilient to the impacts of lockdown on our mental health and wellbeing. The UK has wide disparities in access to green space and a significant problem with food and fuel poverty – the latter, a significant factor during the winter lockdown period.

That unequal impact clearly has not just harmed those directly affected: the fragility of the bottom third has worsened the impact of the pandemic and the lockdowns on the health and wellbeing of the population as a whole. The pandemic is harder to suppress when some people cannot afford to isolate; have such inadequate homes that they cannot bear to stay indoors or don't have homes at all; cannot afford equipment to educate their children at home; or have so little power at work that they can be forced by unscrupulous employers into Covid-insecure workplaces.

And the economy will recover more slowly for all of us because of the long tail of scarring impacts: businesses that were too fragile to survive, jobs that have been lost and people who accrued debts they can't afford to repay.

Some of these risks will be replicated by the economic and technological transitions of the decades ahead. If we accept that transition has costs, these costs need either to be borne by the state, through taxation, or individuals. If a large part of the population does not have the financial or social resilience to be able to absorb those costs, then change can easily trigger a crisis. And crises are expensive

to fix. Let me give you some examples of transitions that are already having a profound impact on those on the lowest incomes:

Services are increasingly going online. If you still want to get paper bills, or speak to someone on the phone, you may have to pay more or wait longer for service, or both. Estimates vary about the cost of digital exclusion, but it runs into the hundreds of pounds. A year.

Environmental regulations are putting new requirements on companies that manufacture white goods, so that they can be more easily repaired. This is a welcome shift, to reduce our resource consumption. However, it will push up the cost of a new product. Those who can buy a new product will benefit from the reduced running costs; those who cannot will not see this benefit.

Our data-driven economy is now enabling more companies to charge different prices to different consumers. This has long been normal in the insurance market, where consumers have different risk profiles, but even in insurance, increasing personalisation is reducing the amount of risk that is pooled between customers, and pushing up costs for higher risk people – like young drivers. If personalisation continues to advance into consumer goods, there is a strong possibility that it will have a punitive effect on the poorest customers.

6. LONG TAIL OF LOW PROBABILITY/HIGH IMPACT EVENTS

For the last six months, my daughter and I have been reading the Alex Rider series of books about a teenage spy. The villains he confronts are all ambitious. Herod Sayle plans to kill every child and schoolteacher in the UK with smallpox. Hugo Grief replaces billionaires' children

with clones of himself so he can inherit most of the world's assets. Alexei Sarov and Damian Cray each attempt a nuclear holocaust. Nikolei Drevin plans to drop a space station on Washington DC.

One thing that fascinates me about the series is that every book follows immediately after its predecessor. In the Famous Five, almost every story occurred over a different, timeless summer holiday. The children never got older but there were clearly gaps in these heroes' stories when they went back to school and got on with normal life. Alex, by contrast, has saved the world six times in quick succession; he goes into space to defuse a bomb just three weeks after heart surgery to repair a sniper's bullet wound.

At any one time, our security services are investigating a huge number of threats – but we do not, in fact, face different super villains with nuclear weapons every month. Nevertheless, there is a tiny kernel of truth in that shift from the Famous Five, who found treasure or saved a kidnap victim once a year, and Alex Rider, who saves millions of lives every few weeks. The risk of catastrophic events is rising. The Centre for the Understanding of Existential Risk at the University of Cambridge exists to catalogue, monitor, and help avert catastrophes that 'could lead to human extinction or civilisational collapse'. They've developed a science of existential risk, that categorises the growing number of low-probability, but high-impact possibilities that confront us. Their website is filled with information about all sorts of decidedly un-cheerful possibilities including biological risks, from natural or artificially triggered pandemics; climate risk and weather events; risks from artificial intelligence; and warfare and global justice. The risks of asteroid impact or a supervolcano, that we know about from the movies, also remain.

The Covid-19 pandemic has been the worst disease outbreak in 100 years, but most forecasters don't think it will be the worst in the next 100 years. The 100-year risk cycle is used in weather models, too: certain kinds of flood or storm are categorised by insurance markets as events that are likely to happen once every 100 years. And yet those flood events are happening far more frequently; as are wildfires, hurricanes and droughts across the world. Globalisation and international trade make us richer, but they also create networks and faultlines that enable localised problems to spread incredibly fast – whether that's a new virus or a credit default swap. And technology, too, is another source of potentially catastrophic risk to humanity.

Our political and economic systems are not kind to those who invest or insure against low probability events. Experts have been predicting a respiratory virus pandemic for years. An airline that had set aside money over the last decade against that possibility would be in a much better position than its competitors right now; but it might not have survived until now, because it would have had to charge higher ticket prices for a decade, and been uncompetitive. Our system rewards efficiency; that's why globally we've seen a move to "just in time" supply chains, away from the "just in case" model of having warehouses filled with things you might need. The same is true in politics, though there's less competitive pressure given that elections only happen every few years. Nevertheless, who wants to be the politician spending billions putting aside enough PPE just in case there's a pandemic, when you could be the politician turning storage areas into new hospital beds?

Remember in The Day After Tomorrow, when Dennis Quaid – the climate scientist – is trying to persuade a sceptical President that we should take action to prevent a climate catastrophe? The politicians won't listen. Climate

change is what Al Gore called an Inconvenient Truth – as we saw above the costs of transition are high, and the benefits mostly accrue to future generations, so no one person, or political leader, wants to take responsibility for paying the bill.

It is hard to build a critical mass of public support for "just in case" spending, and that's partly because we human beings are quite bad at learning from anything other than experience. After the disaster, the President in The Day After Tomorrow is a convert – of course. But before it, he could look at models and spreadsheets all day long, it wouldn't have felt real. We see this all the time in our daily lives: it's why science teachers do experiments instead of just teaching theory, it's why writers are told "show don't tell" in their novels, it's why you don't realise how hard it is to drive a car until you're sitting in the driver's seat for the first time. We're experiential learners.

In summary, this growing long list of genuinely existential threats, which none of us will really get our heads around until it is too late, is another structural challenge for democracies to face. There are no votes in preventing disasters.

7. GOES BEYOND THE NATION STATE

Another characteristic of most of our public policy dilemmas – including the existential ones – is that we, as a single nation state, cannot deal with them alone.

Vast, global companies – which have grown far faster than any predecessors – are stretching our understanding of the relationship between state and corporation. Individual nation states – especially liberal democracies – seem feeble when acting against these global platforms. How do we tax them? How do we govern how they manage data? How do we set rules about who can and cannot use

them, or what they can say, when every action is global, and the only locus of legal power is national? The internet has brought with it fake news, radicalisation, outrage and a new platform for international information warfare, but no new way for governments to manage those risks.

Crime crosses borders too: physical crimes, like drug smuggling and people-trafficking, of course, but also virtual crime. It's now possible to defraud an old lady in Basildon of her savings without ever leaving Kiev. Fraud is the fastest growing crime in the UK; it's the volume crime of our generation, and we are almost incapable of policing it properly because the criminals are far beyond our jurisdiction.

Climate change, by its very nature, crosses borders. There are risks to any country which acts alone to push up the cost of carbon emissions: it may make their industries less competitive than countries which continue with fossil fuels. And if everyone else carries on burning fossil fuels, the country that did its best still suffers from climate change. That is why there have been, and continue to be, huge global initiatives to bring countries together to plan collective action.

The problem with international agreements is not that they don't work. They can. Technocrats who want to solve problems, from human trafficking to climate change, dive in and create protocols and treaties that help level up what can achieve together.

The problem is that no-one has found a way to secure the legitimacy of supra-national bodies; there's barely been an attempt to replicate the vast, generational work that goes into building a shared sense of identity and solidarity within a nation or community, or any democratic legitimacy for these organisations or the agreements that are signed under their aegis. So securing public consent for uncomfortable decisions made by these bodies, or

at global conferences, remains difficult, and domestic political pressure undermines attempts to coordinate international action.

We've seen that in the UK with our withdrawal from the European Union. Bodies like the WHO and the WTO can be hobbled by their weakest members or their need to keep their funders – nation states – on side. The UN cannot act. The Bretton Woods institutions, set up in the aftermath of the Second World War, are outdated and struggling to adapt. We learnt from the experience of all out war that it was better, in our own direct interests, to set aside nationalism and collaborate. The public, traumatised by war, supported that. But the lesson has been forgotten because none of the current generation of political leaders, and most of the population, were there. So more and more voters are supporting strongman leaders who prefer an oppositional approach to foreign policy where might determines right, jeopardising the rules-based international system that had prevailed for three quarters of a century.

8. SOCIAL MEDIA

Let me now turn to the five trends that are tipping the balance even further against securing the collective agreement we need to tackle today's policy problems. The first two are linked: the growing personalisation of our economy.

I still remember my first day on Facebook; I remember sending a flirtatious "poke" to someone I rather wanted to ask me out on a date. I was immediately hooked on posting photos, mostly of rather inebriated nights out, and tagging people in. I didn't use Twitter until the 2010 general election, when I got rather obsessed with the #nickcleggsfault hashtag after the leaders' debates in which my boss had trounced his opponents David

Cameron and Gordon Brown. In other words: I loved social media when I started using it. I was one of the naive optimists who thought it simply delightful.

But the change in how we connect and consume media over the last fifteen years has been far more profound than I anticipated when waiting to be "poked" back on Facebook. It's changed our lives in countless ways.

The first is the basic and most obvious: we all see different news and information. Power has shifted from top-down systems where a relatively small group of news professionals and content creators create all the news, culture and art we see, to a fully democratised information system where anyone can create, and everyone can choose what they want to read or see, from an essentially infinite supply. 500 hours of content is uploaded to Youtube alone each minute: it would take 82 years to watch the content uploaded in a single day. This has a huge effect on our common perceptions of reality.

As a child I loved the poem about the blind men who went to see an elephant (though its language and treatment of disability seem rather grotesque with modern eyes). One holds the tail and declares the elephant is like a rope; another the ear and says it is like a fan; a third the trunk and says it is like a snake. Why the elephant tolerates these indignities is anyone's guess.

We must not idolise the past. There was never a time when we were all party to a single truth: those elite broadcasters and content creators curated a version of the elephant that was blurry, incomplete and distorted. What's changed is that instead of sharing that blurry half-truth we can find, and connect exclusively to, if we want, huge groups of people who are as invested as we are in arguing that the tail is the only truth of the elephant; who are ready to insult, harangue and abuse anyone who says the elephant is like a fan or a snake; and for whom any

attempt by the "mainstream media" to explain the varying parts of the elephant is proof of conspiracy against the truth. Nothing, after all, unites us as much as a common enemy.

One accusation often levelled at the information put forward by your opponents is the Trumpian assertion: fake news. Trump's use of the term was outlandish, given that most of what he accused of being fake was, in fact true, and much of what he claimed to be true, was fake. But that's the essential problem with fake news: it's not so much that we might be tricked into believing something that is false. It's that we might stop believing anything we see is true. Reality can become so fragmented it barely exists. Every claim is met with the demand: pics or it didn't happen, and then when pictures are produced – even with detailed forensic analysis of those pictures like that produced by citizen journalists – the pictures are accused of being fake.

This cycle of confusion is exploited by our enemies. Extensive work by Demos has shown the misinformation tactics used by the Russian Internet Research Agency: their goal is to add to the cycle of information chaos. It's a new form of propaganda that does not seek to persuade, only to disrupt. In line with the "Gerasimov Doctrine", named for General Valery Gerasimov, Russia's chief of the General Staff, the objective is to achieve an environment of permanent unrest and conflict within an enemy state.

Not everyone has been converted into a radical by the internet; most people do not abuse others online. Nevertheless, we have to take this fragmentation of realities seriously. When I worked in the civil service, we would often have several meetings between departmental officials to agree on a common set of facts before we let the ministers meet to agree what to do about them. The civil service had long since learned that, if you give

even talented, senior decision makers the opportunity to disagree about the facts, they will take it, trying to secure the advantage in the negotiation by destablising the ground on which the opponent stands. So you had to take that tactic away from them, with what often needed to be round after round of pre-negotiation.

With the exception of small groups of well-intentioned fact checkers, and the communities moderating a few exceptional sites like Wikipedia and Stack Overflow, there is no-one on the internet replicating that job: working to establish common facts, and common realities between disparate groups.

That's because the economic incentives are driving the internet push in the opposite direction. Algorithms have been trained to capture and hold people's attention, to keep their eyeballs in front of advertising pixels for as long as possible. The algorithms have learned that what works is to take people down rabbit holes towards more and more extreme information: increasingly radical posts, channels and groups. The pathway is the same whether the topic is anorexia, anti-vaccine myths, radical Islamism, or far-right nazi groups. Like all the best advertisers, they manipulate feelings and relationships, to brutal effect.

While they do make efforts to control the worst excesses of radicalisation, and take down illegal content, it's in the social media platforms' interests for people to diverge in their interests. It enables the platforms to provide more and more personalised information about users to the advertisers; the central offer of internet advertising is that – unlike broadcast television or print newspapers – it can be tailored to exactly the right people at exactly the right time. The more the platforms can segment us into categories, the more money they can make – so they will never stop trying to diverge our realities.

The only alternative to pushing outrage is tapping into our envy. Sites like Instagram are panopticons of envy, where we can see and desire every impossible thing. Our wants become overwhelming. Our anxiety soars. Our inability to achieve the lives we see laid out in technicolour before us sucks us into an envy spiral that chews us up and spits us out. Most people think that inequality is rising. It almost certainly isn't, not by any of the measures that count. But our connectedness enables us to experience and witness inequality in ways our brains are not well equipped to handle. The new visibility of wealth, perfect bodies, happy families and sun-drenched travel adventures may cause as much harm as inequality itself.

9. CONSUMPTION DIVIDE

Social media is just one way in which our consumer economy is becoming more personalised. In many ways this is welcome; there's a huge benefit to having a greater range of products and services better designed to meet the extraordinary diversity of human preferences and needs.

Nevertheless, there are consequences. Many markets have pricing structures that allow risks and benefits to be pooled between large numbers of customers. This shifts much of the risk from the individual to the business. Over time, big data is enabling more businesses to offer more personalised pricing – this has long been the case in insurance, where safer drivers paid lower prices. But better data is allowing insurers to identify risk more and more accurately. That's great for those who pay less, who used to subsidise their riskier peers. But it's terrible for those priced out of insurance altogether.

Personalised pricing may make its way into more and more markets; it's possible to display different prices to every customer on a computer screen in a way that is

impossible in a physical shop. Where you live, your history of returning products, the numbers of failed deliveries in your area in the last few months, your credit score, your reputation online: all these could be factored into the prices you see and pay.

The shift from physical to online interactions also reduces the interactions you have with other people, whether as a consumer or a citizen accessing public services. No queues, no casual hellos, no rudeness to navigate. Again: much of this is welcome. The computer can be a lot more friendly than the people you meet on a trip to the shops, and they're certainly less likely to cat call you or steal your handbag. People with mobility problems or agoraphobia are far better served by a bot than by a lengthy trip to ask for something in person.

Nevertheless, something is lost.

There's a classic scene in the Full Monty where the unemployed steelworkers start dancing in the dole queue. It's a symbol of their rediscovered dignity and purpose and, while of course it's fiction, there's something important about the fact that it happens at a physical place, where the characters are forced to meet. In today's benefits system, each would have logged into the Universal Credit system from home. No queue. No meeting. No dance.

No-one is going to start a moral panic about this. But it's worth noting, because throughout our history, citizens have had a dose of shared experiences and forced interactions with strangers in consumer and public services. It's happened by default without a single politician ever worrying about it. It's one small weight that's been sitting on our democracy scale, contributing to common identity, that we have always taken for granted.

If, in the future, we all buy different things, from different screens, at different prices; if we rarely have to mind our

manners or make new acquaintances simply to get a doctor's appointment or buy a stamp, that little weight on our democracy scale will disappear. Personalisation and digitalisation of public and consumer services are good things, but they are also contributing to the fragmentation of society, which requires a societal-level response.

10. PARTY TRIBALISM

Our political parties have fallen deeply into the personalisation trap.

Online campaigning is one of a series of forces undermining the role of our political parties as social institutions that help to bridge divides. That might sound like an absurd claim: parties are there to divide not to unite – to put forward a case in opposition to the other parties. It is certainly true that a healthy democracy needs at least two political parties, to fight the battle of ideas, generate competition and put pressure on each other to do better.

And yet, political parties do play an important role in bringing together groups of people under a single banner. If you wanted to be in a party with only people who agreed with you on everything, you'd find yourself in a party of one. So parties start the process of compromise and negotiation between different groups and interests in a society. And the core incentive for a party is to get elected, so it ought to be structured to reach out and grow that coalition of groups and interests over time.

When my parents were children, in the 1950s, more than 4 million people – about 10% of the adult population – were members of a political party. The unions to which the Labour party was affiliated accounted for another 10-15% of adults. Though membership was still a minority sport, these were truly mass movements. Now, after a huge

surge in membership under Jeremy Corbyn, the Labour party is now the biggest political party in Europe and yet its membership is a paltry 1% of the UK adult population. The Conservative party is probably less than half that.

The parties say they are broad churches, and certainly both Labour and the Conservative parliamentary parties include representatives of any number of political traditions and ideologies. And yet the party memberships are far less broad than they used to be. As membership has dwindled, the intensity of the relationship between the parties and their members has intensified: the parties are more dependent on getting members up what they call the "engagement ladder" to make more donations, and be more active. So they have to give them what they want.

That's why over the past twenty years, there have been escalating efforts to make our political parties more democratic: to give members more power over policy, over their leader, and over the candidates put forward to the public in elections. All five of the biggest political parties now have a simple all-member ballot to elect their leader. This puts enormous pressure on the candidates for leader to appeal to the narrow interests of their members.

Political parties are now run like any other membership organisation: dependent on the members for both power and money, they are under constant pressure to satisfy the wishes of their members, instead of the voters at large.

David Cameron tried to break the vice-like grip of the deeply unrepresentative membership of the Conservative party over candidate choice by introducing open primaries, in which any interested member of the public could have a say on who they wanted as their Conservative candidate. The experiment died, because it undermined the power of the constituency association – a power those associations were not willing to surrender. On the Labour

side, centrists have had to fight tooth and nail against "mandatory reselection" in which every Labour MP would have to face their members before every election, and ask to be chosen again. All the pressure is for more power for members, and those members are increasingly tribal. The MPs they want are those like Laura Pidcock who say they could never be friends with someone in the opposing party. The traditional role the parties had in building bridges between different groups has long gone.

Meanwhile, digital campaigning is fragmenting the relationship between parties and voters. Not long ago parties had three or four party political broadcasts to set out their vision for the country, broadcast on channels that everyone watched. The lawyer saw the same broadcast as the care worker, the voter in London saw the same debate as the voter in Clacton or Crewe. Leaflets in different constituencies, or to different voters, might have been targeted to a particular area. But the simple cost of production and delivery meant that most people saw broadly similar campaign literature.

Online campaigning has changed this entirely. Suddenly, each and every one of us sees a message directed to us and personalised to our interests, especially if we are in a swing seat or a swing demographic. Archives of political advertising from the last few years include messages about fishing policy, flood defences, bull fighting and protecting polar bears. These issues might well be important to some of us, but would never have made it into a 3 minute segment on the BBC. This new era talks to a politics that really works for you. The problem, of course, is that democracy is not, at its heart, about getting what you want. It is not a transactional relationship; the personalised sales techniques that work for finding you the best tap for your kitchen add up to a fundamental overpromise when it comes to democratic commitments.

Our political parties have trapped themselves in an impossible position, trying to balance competing and impossible promises made to their own tribe, and a plethora of atomised tribes of voters, while only being able to govern once.

11. LIBERALISM

We are all individuals, but we are not only individuals. In the previous paper in this series I look at how societies build solidarity between people. Here, I want to discuss the role that liberal ideology has played in dismantling too much of that solidarity, mostly by taking it for granted.

In the song, You Don't Bring Me Flowers, Barbra Streisand and Neil Diamond tell the story of a failed relationship. "You don't bring me flowers," Streisand complains. "You hardly talk to me anymore, when I walk through the door at the end of the day," Diamond replies. I like it as a reminder of the simple truth about why we do nice things for other people: it's because we care about them. And it doesn't happen by accident.

It seems relatively natural for most of us to feel a bond of kinship with our families, including our extended families. Ed West, the writer, has called this "natural conservatism": a tendency to want to do right for your relatives, to support them, perhaps to build and pass on the family home. The family as an institution of mutual support has been proactively encouraged and supported, however: we haven't just left it to our natural instincts. That's why marriage was created and fostered as an institution, with legal obligations on both sides; it's why transfers of labour and property between family members usually go untaxed; it's why the right to family life is actively protected in human rights law.

Caring about people beyond your extended family takes a bit more work. Anthropologists seem to agree that our tribal ancestors tended to live in groups of no more than about 170: a bit bigger than a family – more like a clan. Any more than that and it was difficult to foster the relationships and collective spirit needed for effective self-government. As towns and cities developed, groups got larger and the need for strict rules and enforcement grew. Many rulers throughout human history enforced rules through brutal punishments. But most civilisations developed a second way of building up support for, and compliance with, laws: religion. Buddhism in China, Christianity in Europe, Islam in the Middle East: religions have historically helped to build a common identity between diverse populations, allowing cooperation far beyond those small tribal or family groupings – and in some cases actively breaking up the ability of families to focus on themselves at the cost of the collective interest, for example by banning cousin marriage.

Secular institutions, too, help to build social bonds beyond the family. Institutions can be created by nation states, by families, or by any group of people coming together to establish a framework for cooperation. Labour unions, universities, corporations, cooperatives, sports teams, professional associations, charitable organizations and even broadcasters, in the case of our own BBC: all fill a similar role of binding people together, and establishing rules that all agree to follow. Over time that shared participation contributes to a shared sense of identity.

Every one of these four frameworks for solidarity – the family, religion, nation states, and institutions – is in some form of trouble, and in large part because, over the last 200 years, liberals developed a series of important critiques against them. All essentially operate coercive and restrictive influences on human behaviour. Every institution risks acting in the interests of the institution itself rather than its members or community.

Religion has been, and still is, used to justify oppression of individual sexuality, gender, and freedom. Nationalism has been used, and was used ruthlessly by nation states throughout history, to motivate young men to serve their leaders' interests in war, and to persuade women to let them go. Many of those wars were important; many were not. Love of country and pride of homeland can be easily corrupted into jingoistic narratives of national superiority, often but not always associated with race. The wars of the 20th century proved how national myths could be used to waste lives. Religion can be used to drive hatred of others, too: from the crusaders' efforts to capture Jerusalem for Christianity a thousand years ago to ISIS' attempts in the last decade to ethnically and religiously cleanse Syria, Iraq and beyond.

Labour unions put their leaders into positions of political influence where they can often be distracted by power games and neglect the interests of their members; and like all institutions they protect members against not just their powerful foes, but marginalised outsiders, too. Sports teams can extract huge profits from their captive fans, and in the past tolerated a culture of hooliganism and inter-team violence. Media institutions can offer a restrictive, narrow perspective on the truth, and become too embedded with power to challenge it. Families can be places of coercion too: violent abuse, repressive identity and conformist expectation.

So liberalism is right in its critique: governments, religions and institutions are not just benign. They often use harmful techniques for holding groups of people together, and boosting their sense of shared identity or destiny. These include controlling access to information

through censorship or regulation; brutal enforcement of rules and the ostracization of apostates; reinforcing group identity by starting or escalating rivalries with others.

It is liberals who made the case for a wider version of group identity: humanity, to disrupt the harm caused by malign institutions, aggressive nation states and repressive religions. Gladstone used the word "savage" to describe the people of Afghanistan, a word we would be disgusted by now, but he at least had the insight to see the word for what it was – an orientalist perspective – when he said in 1879:

Remember the rights of the savage, as we call him. Remember that the happiness of his humble home, remember that the sanctity of life in the hill villages of Afghanistan, among the winter snows, is as inviolable in the eye of Almighty God, as can be your own. … Mutual love is not limited by the shores of this island, is not limited by the boundaries of Christian civilization, that it passes over the whole surface of the earth and embraces the meanest along with the greatest in his unmeasured scope.

These ideas are reflected in the human rights movement that dominated western political thought after the Second World War; in efforts to create an international rule of law; in current debates about the legitimacy of national borders; and in calls for development aid from richer countries to poorer ones. Every nation has other nations it can fight; every family has other families; every religion other religions. The only way to prevent this instinct to "other" our enemies was to focus exclusively on our common humanity.

But it's worth observing that Gladstone used a religious construct to establish the principle of common humanity and mutual love. He leant on one institutional framework to challenge another.

You don't need to dismantle religion to challenge harmful nationalist narratives of superiority; and you don't need

to dismantle patriotism to challenge the restrictions that many religions put on human freedom – to love whomever or live how you choose.

And yet that is where many liberals have ended up. Liberals have been fighting for freedom against a series of forces that held people together, but as we saw above, those forces have been dissipating as our economic, social, and political systems grow ever more personalised and fragmenting. All the effort we have put into disestablishing the institutions and frameworks that have held us together rather took those institutions and frameworks for granted. It's like a game of tug of war, in which it's vital to pull hard while your opponent is pulling hard in the opposite direction. If they let go, all the force you're applying means you fall backwards.

Our institutions have been neglected because on the one hand, the liberals who dominated politics found them awkward and uncomfortable, while conservatives thought the point of institutions was that they should be fixed and unchanging. Instead of a steady process of institutional reform and innovation, we have stagnant, unresponsive institutions almost powerless against iconoclastic forces of the populist right and left.

While liberalism as a political agenda may have crashed, I remain convinced that its central ideology remains the correct, indeed only, way of creating a broadly stable society of diverse, free and equal citizens. Individuals matter and the collective will can be an oppressive force whether it is exercised by the state or by social means from peer to peer, community to community or even within the family. Liberal social policy has given people freedom to express their true identity, and live their lives as they choose, in a way that has brought joy and opportunity unknown by previous generations.

And yet freedom without connection and relationships with others is not freedom: it is our relationships and connections that make us fully human. The African concept of Ubuntu is a compelling one for liberals to consider, described by Sabelo Mhalambi, a fellow at the Harvard Berkman-Klein Centre for Technology, as "an alternative concept of personhood." As Mhalambi puts it:

> "*Ubuntu says 'a person is a person through other persons'. That means that people are only people through recognizing their interconnectedness to others, the rest of humanity. It doesn't mean that the community overpowers the individual. The community has to allow the person to be an individual. But not too far away, not too distant. That requires honouring the context of others.*"

By failing to consider the vital importance of relationships in our lives, liberalism has undervalued institutions, families, nation states and faith alike. Many have assumed or hoped that the simple bond between all humans – our common humanity – would be enough to foster collective action and solidarity. But in the absence of healthy, inclusive institutions, people do not disaggregate into pure, atomised individuals: they simply self-organise in other ways. Without inclusive institutions, we default to tribalism not universal solidarity, as I will explain below.

12. IDENTITY POLITICS

In the classic novel, Little Women, the heroine Jo March argues for women's suffrage with the following words.

> "*Men do not vote because they are good; they vote because they are male, and women should vote, not because we are angels and men are animals, but because we are human beings and citizens of this country.*"

It's the scene in the Winona Ryder version that sticks most clearly in my mind. Jo – Ryder – is with her friend Friedrich Bhaer, struggling to break into a conversation between a group of men. Bhaer – played by Gabriel Byrne – quiets them so she can speak. As a teenager, I felt the line was a complete slam dunk. Women should have the vote because we are the same as men, not because we are different.

But it's not that simple. This question is not resolved by Jo March. Should women's rights be predicated on our sameness from men, or our difference? It's a fundamental question that pierces through the heart of so many feminist debates, to which the answer can only ever be: for both reasons.

Women are, as a group, different from men, as a group. Some of those differences are innate: women are on average shorter than men. Some of those differences are cultural: in UK society women are more likely to have longer hair than men, but there are now, and have been throughout history, societies in which men, too, wear (or wore) their hair long. Some differences are a mixture of the two: women's greater propensity to give up work to care for small children is likely to be a combination of innate preference and cultural expectation. Feminists, philosophers and social scientists will be arguing for generations about this third category: scanning brains and polling women to try to establish the nature of gender identity. But we don't need to worry, here, about when and how those debates are settled. We simply need to observe that group differences exist between men and women for a number of reasons at least some of which will never be eliminated.

Liberal feminism has focused on women's right to be free of the expectations placed on us by our membership of the group. I cannot be free of the obligation to be shorter

than my brother, but I can be free of the expectation that I ought to work as a nurse (instead of a doctor), spend my time trying to look pretty (instead of developing my mind), or stay out of politics (and let the men make the big decisions.) Many of these battles have been won, and they've been won on the basis of Jo March's arguments that women are the same. There is still work to do, of course: the gender pay gap, where women on average learn less per hour than men; the under-representation of women in Parliament, the professions, and senior business leadership; gendered expectations about women's appearance, and more.

But this is where conservative feminism steps in and points out that women are not just "the same". Women are also different. The gender pay gap is widened by women spending more years out of work, caring for their family members, for example. Conservative feminists would argue that this is a natural phenomenon, and you do not need to believe that women should stay at home for a decade to agree with them that there is a difference between a birthing parent, with the biological ability to make milk for their infant, and a non-birthing parent. Most people would agree that difference persists for at least a number of weeks, even if it doesn't last beyond infancy. It is not exclusively a cultural phenomenon that more women choose to stay at home with their children than men do. Liberal feminists might be able to tilt the system further and further towards shared parenting and equal opportunity to do paid work outside the home – but there will never and should never be total equality in early parenting.

This is just one example of an alternative feminist narrative built around the irreconcilable differences between men and women. Women are naturally caring; our society does not value caring, it only values economic activity in the paid economy; this therefore puts women at a

disadvantage. Feminism should be about equalising the power and rights afforded to women as carers, not in freeing women from their natural status as carers.

A similar debate is had, even within the paid economy, about occupational segregation, where women end up dominating low paid professions like hospitality, retail, and caring, while men dominate the highest paid sectors of computing and banking. Is this the patriarchy undervaluing the things women are naturally good at? Or is it the patriarchy keeping women out of the sectors that matter, even though they'd be just as good? Should we be paying carers and retail workers more? Or should we be training women to be good at computing and banking, and breaking down barriers to get them into those jobs?

Most people will be tempted to answer, as I did a few paragraphs ago, that the answer is both. We should desegregate occupations, but we should also accept that there are some professions that will always have a gender tilt, because more women (or men) are good at doing them. But before we settle down comfortably with the answer – a bit of both – we need to hold open the tension between "sameness" and "difference" because it's a central problem for liberals faced with the rise of identity politics.

I have started with women, and feminism, because I am a woman. I've helped launch a feminist party; I feel confident, partly because of my lived experience of being a woman, that I know what I'm talking about. But the pattern of argument is replicated across a whole range of equality issues, from race to disability. Do we want equality because people are the same? Or because they are different? Increasingly the upper hand is being taken by the second set of arguments.

Liberals have been arguing against racism primarily through the lens of individual freedom: we comfortably cite Martin Luther King and say that people should be judged by the content of their character not the colour of their skin. The focus should be put, liberals would argue, on offering opportunity for people to escape from any stereotyped expectations on them. Discrimination should not be allowed because people are all the same. The differences between "races" are far smaller than the individual variations between people.

But there is another way of thinking, in many ways the corollary of conservative feminism, that rejects the idea that we are all the same, and focuses instead on the differences between groups. Critical Race Theory argues for active discrimination in favour of a range of ethnic minority groups in order to dismantle racism: it foregrounds group identity over individual. Liberals often feel uncomfortable with this way of thinking. We've spent a long time arguing (and believing) that people should not be judged by the colour of their skin: now, increasingly, it is argued that we should judge people by the colour of their skin – we should just stop rewarding people for being white.

Identity politics is both born of liberalism and a rejection of liberalism. Liberals fought against the homogenising, majoritarian impulse of national and religious conformity, arguing for the rights of individuals to define themselves as they choose, and live as they choose. This impulse brought us civil rights, feminism, gay rights, and a generational shift towards individual freedom. But liberalism has its own homogenising force.

To say that we are all the same is often to devalue the very things that make us feel the most like ourselves. To say that we are all the same is often to erase the very diversity

that prompts creativity and innovation. And too often, saying that we are all the same means pressuring people to be the same as the majority population, but never asking the majority population to adapt.

People's experiences and identities shape their experiences profoundly, and an inclusive democracy must enable people to bring their full selves to their role as citizens. Freedom or tolerance were not enough: marginalised communities, quite rightly, demanded the right to be proud of who they were, and proud of their differences.

These arguments stem from a real truth. Liberal anti-racism was not, by any stretch of the imagination, a finished job. Millions of people in the UK and around the world are still comfortable expressing directly racist opinions or making judgements about people on the basis of their skin colour or perceived religion. But even if the work of eliminating prejudice were complete, Critical Race Theorists would have an important point to make. There are many structural disadvantages faced by people from ethnic minority backgrounds that go beyond individual discrimination in ways that it's very hard for individual women to escape from.

In his dystopian novel The Rise of the Meritocracy, Michael Young warned that a central danger of meritocracy was that the definition of "merit" would inevitably be one that advantaged those already in power. Academics and power brokers would define talent as being good at academics and power broking and create systems that rewarded people with those traits.

At the moment, we measure and reward many characteristics that are much harder to achieve if you grow up in poverty. If schools in poor areas are worse, and mostly Black people live in poor areas, then disadvantage

is baked into the next generation. If it's easier to get a job when you speak received pronunciation, and Black kids are brought up speaking vernacular English, then Black kids are at a disadvantage in the labour market.

These group characteristics may not be innate in the way that women's preferences for caring roles may be; in fact it is hard to find any evidence of innate differences in capabilities between races as groups. Nevertheless, even if the genetic differences between Black and White children are confined largely to pigmentation, that doesn't make their lived experience or cultural preferences (on average) any more similar. As with women, it is right to think beyond freeing individuals from prejudice, and to think also about tilting the system to remove structural advantages for particular ways of being that just happen to be the natural inheritance of White, middle class men.

Identity politics has grown in strength because of legitimate outrage that this is not happening fast enough, if it is happening at all. We know that the costs of technological, climate, and demographic transition will not fall evenly: particular groups of people in particular industries and places will face disproportionate costs, and there is clearly a generational effect, too, between different age groups whose experiences will be very different. Many of the impacts of this inequality will fall along racial lines, as they did during the pandemic.

So if the anger is reasonable, why is identity politics a problem, not a solution? It's because we are most likely to compromise and collaborate with people we feel a shared identity with. Identity politics finds strength in its enemies: the group pulls closer together the stronger its narrative about its opposition. Because identity politics focuses on the differences between groups, instead of our common humanity, it makes it harder to build trust and common purpose between groups. These are self-reinforcing

problems. The greater the injustice, the easier it is to mobilise a factional identity; the more factional our politics, the harder it is to resolve the injustices.

It's no wonder the arguments once used to foreground the importance of identity and lived experience among marginalised groups are now being used to organise against those groups. This tactic has been deployed to facilitate the rebirth of white nationalism, Men's Rights Activism, and Islamophobic or anti-Semitic discourse.

This can only be overturned by a shift away from group identities as the major dividing lines in political debate. This will inevitably be a balancing act: we cannot and should not seek to erase the diversity of human experience from our political discourse. But the best way to build empathy and understanding between diverse groups is to focus on what unites them as human beings and as citizens in a society. A politics obsessed with our differences will build only enmity. A political conversation framed around culture, identity and political tribalism is not one that can succeed in building consensus for the transformative policies needed to confront the challenges our society faces. In the end, progress for marginalised groups has always been secured by focusing the attention of the powerful on what we share: forcing them to accept the rights that accrue to all of us, because of our shared identity. It is acceptance of our common humanity that grants us the right to be different.

Our identities are vital to the meaning of our lives. They are complex, shifting, and diverse. Nobel laureate Amartya Sen wrote in his book Identity and Violence:

"I can be, at the same time, an Asian, an Indian citizen, a Bengali with Bangladeshi ancestry, an American or British resident, an economist, a dabbler in philosophy, an author, a Sanskritist, a strong believer in secularism and

democracy, a man, a feminist, a heterosexual, a defender of gay and lesbian rights, with a nonreligious lifestyle, from a Hindu background, a non-Brahmin, and a nonbeliever in an afterlife."

Every one of those identities – or the many that I, the writer, or you the reader, might list – is important to our lives. At different times, different identities may have primacy. But we shouldn't let that prevent us from noticing that there is only one of these identities which is relevant when it comes to the people with whom we pool sovereignty in our democracy: our nationality. Being British may not be the most important part of my identity, but it's the only vote I get. It's the only government under whose laws I live. And therefore it has a de facto primacy that is simply unavoidable, whether I want to accept it or not.

Women are not self-governing as women. Liberals are not self-governing as liberals. Gay people are not self-governing as gay people. We couldn't live like that. We have to form self-governing groups smaller than "the whole of humanity" and we can't only do it with people we like or who look like us, however much more fun that might seem. You have to build some sort of shared identity with your fellow travellers in the nation, simply because it holds the boundaries of governance.

The United Kingdom has an increasingly diverse population. Most people in the UK, myself included, think this is a good thing. However, it poses its own challenges. It shifts us from an easy default in which most people feel a sense of common history and identity with most of their fellow citizens to one where identity is complex, shifting, and contested.

Often people argue for integration as if it is a one-way street: it is for ethnic minorities, or people born abroad, to integrate themselves into homogeneity with white or

settled populations. If you believe, as I do, that we benefit from diversity, then you need to take a different view of integration: building a cohesive identity across ethnic, religious, generational and geographic identities is work for us all to share.

It is not, however, work that is happening right now.

FINAL THOUGHTS

I believe that together, these problems and trends put us in a revolutionary moment – but it's one we are in danger of ignoring. It might sound ludicrous to suggest a revolution could take place without people noticing. But one of the most remarkable realities about revolutions is how slowly they happen. One of the most vicious attacks on liberal democracy in living memory occurred this January, when Trump supporters stormed the Capitol building to disrupt the certification of the presidential votes. It was a historic and horrifying event. The accounts from inside the building speak of terror; and in the conflict there were moments of shocking violence, including the death of one Capitol police officer. But when I watch the footage, what shocks me is how pedestrian most of it is. People mill about. They take selfies. They rifle through papers and climb on tables, but they take their time doing so. They amble through broken doors; crowds process slowly down corridors looking for something to do; people wander away looking rather uncertain whether it's over or not.

We've all watched enough movies to know how Hollywood would stage a coup. Fast cuts. High action. Pulsating music. A moving speech by the good guys from the top of a desk, with a loud hailer. Lives saved by a whisker. Falling debris and endless gun shots. It means that when a coup is attempted in real life, it's rather boring.

It makes it hard to absorb the significance of what's happening when it takes hours instead of seconds to unfold.

That's why it's easy for us to miss the fact that we are living through an age of revolution. Change is happening faster than ever and even the speed of change is accelerating. Technology is transforming our society, our democracy, our jobs, and our lives as consumers. Climate change is a clear and present danger that could dwarf the impacts of even the Covid-19 pandemic. Our media networks and the ways we access information have been transformed in a generation. Across the west, our populations are ageing, and growing more diverse, creating new social and financial pressures as well as opportunities. Crime and terrorism cross borders at an unprecedented scale. Power is shifting eastward, while the trend toward globalisation is shifting towards regional blocs, which may end up ranged against one another in a new cold war.

And yet, for almost all of us, yesterday was almost exactly like the day before. Even after the greatest health shock in a generation, that has transformed lives with lockdown across the world, more things are the same as they were two years ago, or even ten years ago, than are different.

In Ernest Hemingway's The Sun Also Rises, Bill asks Mike how he went bankrupt. "Two ways", replies Mike. "Gradually and then suddenly." I've heard this same description attached to the process of falling asleep or watching a sunrise, and in John Green's The Fault in Our Stars, the narrator says it's how she fell in love: "Slowly, and then all at once." It's a seductive and familiar way to think about the experience of change. Yet when it comes to political transformation, very often the "all at once" stage never happens. There never is that crystallising moment when night has become day: there's

just slow, incremental change that we can ignore almost in perpetuity. Like the boiling frog, we will not notice the impact of change until it is too late.

We need to stop expecting the revolution to feel revolutionary. It's time to pay attention to the scale of change we face, and stop being complacent that a system of government designed for simpler times can cope.

The next paper in this series will look at that system of government and ask if it is working for our times. But here's a spoiler alert: I will argue that the stagnant institutions and bureaucratic processes established in the 19th and early 20th century are no longer fit for purpose in our fast-changing world. The only way to protect and promote democracy, and the liberal principles on which it is based, is to reform it.

THE HUMBLE POLICY MAKER

Humble is not a word that has often been used about me. I have strong opinions, and I'm not very good at hiding them. I often hear that joking response – "next time say what you really think!" even when I think I'm being calm and reasonable. I've endlessly been told to "think about the impact you have on other people." I like winning. I like being right. And I'm hopelessly socially awkward in any situation where being clever offers no social advantage – like mother and baby groups, or getting a table at a restaurant. In other words, I find humility actively disorientating.

I'm telling you this because the world of politics is set up for people like me, and I think that's part of what makes it such a disaster.

This is the third paper in a series called Making Democracy Work. In the first, I set out why the foundation of a healthy, liberal democracy should be trust and connection between citizens. In the second, I explored the cultural, technological and demographic forces that are undermining that trust. This paper looks at what's wrong with politics and policy making: why the basic way we make decisions is undermining our ability to navigate this age of exponential change. It's an attempt to challenge the two dominant mindsets in policy making: partisan

thinking and technocracy, both of which have a seductive appeal not just to voters but to the people actually doing the politics and the policy making. Despite their appeal, partisan thinking and technocracy are eating away at democracy.

We need a new approach to policy making if we're going to resolve the problems I set out in the previous papers: an approach that bridges division, builds community, and makes the sacrifices and compromises of living in a democracy feel worthwhile. In this paper I want to make the case that neither technocratic nor partisan thinking can solve our problems. And, because this doesn't come naturally to me, I hope to do so with the zeal of a convert. I am a recovering technocrat and apostate partisan. I want to explain how and why I changed my mind.

THE PARTISANS AND THE TECHNOCRATS

Almost everyone you meet in Westminster and Whitehall is either a technocrat or a partisan. Many are both.

By technocrat, I mean a policy wonk: someone who sees problems and opens up a spreadsheet to start analysing them. You'll recognise them by catchphrases like: "what matters is what works", "causation is not correlation," and "the data are unclear."

By partisan, I mean someone who's taken a side and wants their side to win. You'll recognise them by catchphrases like "the mood on the doorsteps" and their tendency to say that their opponents are wrong headed and dangerous. Some love the kind of jokes made at Prime Ministers' Questions; others prefer cerebral analysis of the problems with the opposition's world view. All of them struggle to take off the blinkers of bias.

Before I look at the harm these systems of thinking cause, I want to take a moment to explain how my life in politics taught me to be both. It's the only way to thrive in politics.

When I left university, I wanted to be a writer. But the journalism job I found was at a business magazine called Property Week. It was here that I got interested in public policy. Our whole world revolved around internal rates of return and investment incentives. My beat included tax and planning policy and I spent hours mapping and understanding how even small changes could alter the viability of development decisions. This is when I became a technocrat.

I started working for the Liberal Democrats in 2004, advising them on housing and local government policy. I'd decided I wanted to be a political journalist, and I thought some direct experience in politics, in the six months running up to a general election, might help. The main policy I worked on was a proposal to replace Council Tax with Local Income Tax. I built a fantastically complicated model out of property valuations data and the Annual Survey of Hours and Earnings to map the different impacts on different kinds of earners in different parts of the country. But the real turning point came at the party's spring conference, where I heard then MEP Saj Karim speak. "This isn't the Britain I was born in, and I want my country back," he said. Tears sprang to my eyes. I didn't want to be an analyst any more: I wanted to be a campaigner. This is when I became a partisan.

And I went full throttle.

I wrote a pamphlet for Demos long before I got the chance to work here: it was a joint effort between me and Nick Clegg, though it was published in his name. I was working as his speech writer, so it was basically my job

to write for him. At the time I was immensely proud of what we'd put together: it was a paper called The Liberal Moment. We argued that the 2010 election was the moment when progressive politics moved away from the labour movement and towards liberalism – that the Liberal Democrats would replace Labour as the main party of opposition. We were, of course, wrong, though we didn't really expect to be right. We thought it was worth making the case, and trying to make it happen.

Looking back, the paper makes me cringe. It's not the policy proposals we detailed; most of which stand the test of time. It's not the case we made for liberalism and the redistribution of power, which I stand by. It's the tone of intellectual arrogance with which we wrote. For example, we said:

> *"Only liberalism possesses a clear understanding of the way in which power has flowed upwards and downwards from the central state. Only liberalism marries a passion for devolution within Britain with a commitment to international institutions and the international rule of law."*

We make sweeping, absolutist statements about how the other parties see the world. We're not mean or abusive. It's more patronising: Labour, the poor dears, just naively believe that the state has no flaws. The Conservatives, bless their cotton socks, think history can be stopped.

In political circles you hear these sweeping statements made all the time. The political operatives go around saying Labour are all communists who'd bankrupt the nation because they can't do maths; or the Conservatives are evil psychopaths who are only in politics to make a quick buck for their friends. The political philosophers, who think themselves above this kind of tawdry abuse, say things like: "I'm not a liberal because I believe in objective

truth;" "I'm not a progressive because I don't believe human nature is perfectible;" "I'm not a Conservative because I want to serve the interests of the many, and not the few."

Sure, not everyone talks like that but I've heard every one of these sentences, calmly delivered, by intelligent people who've thought deeply about politics, and yet somehow believe these sentences have meaning. Can they actually find me a liberal who doesn't believe in objective truth? A progressive who thinks humans will ever be perfect? A Conservative who wants to harm the many for the sake of the few? Of course not. Partisans caricature our opponents, while granting the privilege of nuanced understanding only to ourselves.

Of course: I'm creating a caricature of my own. Even Westminster has plenty of reasonable people who – at least in private – will take a nuanced position. But in thousands of conversations with political people of every hue over twenty years, I've been surprised by people's partisan blinkers far more often than I've been surprised by their open mindedness. I've been shocked to discover that MPs believe the "line to take" is true far more often than I've seen an MP refuse to take the line because it isn't.

Partisanship is a powerful drug. Psychologists talk about confirmation bias: once we've decided something, we will go to extraordinary cognitive efforts to prove that we are right, and to fight off any evidence to the contrary. The classic story that's told is of The Seekers – a cult which predicted the end of the world in the 1950s. Their leader said an alien invasion would take the cult's followers into a UFO on December 21st 1954. The day came and went without event. The cult's followers did not stop believing: they predicted a new date for the apocalypse, and when that, too passed without incident, they proclaimed that it was their actions which had saved the world from destruction.

We see confirmation bias in political life all the time. Brexit supporters who interpret everything as evidence they were right. Remainers who interpret the exact same evidence to prove the opposite hypothesis. One study, chronicled in one of my favourite books, The Political Brain, looked at how voters who hated Bill Clinton responded to an anonymous candidate who shared his policy positions. When presented with a theoretical policy platform that matched Clinton's, they liked it. The moment they discovered it was Clinton's manifesto, they performed extraordinary intellectual contortions to explain away what they'd said five minutes before.

I started to throw off my partisan shackles when I joined the coalition government, in which I served for five years, from 2010 to 2015. I worked cheek by jowl with Conservative thinkers and ministers and I disagreed with many of them, on many occasions. But the experience disabused me completely of the fantasy that they wanted only to serve themselves and their friends.

But though I became less partisan working in government, I went full technocrat. I spent a lot of time looking at spreadsheets and data and having technical arguments about policy detail. I remember a long discussion with a senior civil servant in the Home Office about the ways exit check data could be used to build evidence and drive performance management in the visa system (I lost). I remember a lengthy battle with the Permanent Secretary of the Department of Health over the phrase "presumption in favour of coterminosity" (I won). I even got briefly obsessed with how to improve chicken husbandry to reduce the need for beak-trimming (the chickens lost).

My focus was on trying to do the right thing. After all, we'd made a huge political gamble going into coalition with a much larger party that many of our voters hated; we had

to use that power the best we could. I had once written a line for a Nick Clegg speech in which we'd criticised John Reid for focusing on "what sounds good" instead of "what works." So, with a view to doing the right thing, I focused on doing what works, even where it sounded bad. I don't want to distract from the argument with a lengthy exploration of the costs and benefits of the tuition fee debacle, but it is, for me, the perfect example: both a policy that works – participation rates, especially among the poorest students, continued to rise – and a policy that sounds bad.

I got completely obsessed with evidence. Here was a new way to work out the right thing to do: not by following some blinkered ideological path, but by following the facts. With the Chief Secretary to the Treasury, Danny Alexander, I helped, in a small way, to establish a new set of policy organisations called the What Works Network. Those organisations scrutinise and publish evidence about the effectiveness of policy across a range of strategically important topic areas, like educational improvement, healthy ageing, and wellbeing, and they do fantastically important work. It wasn't until I left government, that I realised the technocratic model had as many limitations as the partisan one. Let me explain why.

THE INCONVENIENT VOTERS

What technocrats and partisans have in common is the conviction that it is their job to figure out the right way to do things.[1] Partisans follow the ideology or the party interest. Technocrats follow the facts or the model. But both are adopting an essentially heroic stance, in which you are the source of the solution to the problem,

1   If you're following this footnote, it's probably because you're baffled as to why that might be a problem. What is the job of a professional policy maker if not to figure out what to do? Isn't that what policy-making is? Well, no. It's only part of it. Keep reading.

whatever the problem happens to be. Having known such conviction, I can report that it is very satisfying, and hard to let go of. Who doesn't want to be a hero? Who doesn't want to come up with an answer to a riddle everyone else failed to solve? And when heroic promises are offered at the ballot box, who's going to vote for anything else?

Dominic Cummings is an extreme example of someone who came to the narcissistic conclusion that almost everyone else was stupid and incapable of doing what the country needed them to do, but there are more benign examples, too. At a party conference event I hosted a couple of years ago, former Labour Cabinet Minister Andrew Adonis gave a rather brilliant speech, which was punctured by a contribution from someone in the audience who observed that the recommendations could be boiled down to "have a brilliant minister, someone like me, in charge."

"Given that most ministers are mediocre, how can we build a policy framework that works when mediocre ministers are in charge?" the audience member asked. Andrew didn't have an answer.

Whether you think people are mediocre or not, all heroic policy makers come up against the same problem eventually: you are confident we should do x, but the public are against it.

One seemingly eternal example is hospital closures, usually put forward after a review of the medical evidence demonstrates that more lives will be saved if two hospitals – or two maternity wards, surgical suites, or A&E departments – are consolidated into one. Local people don't want to travel to a more distant hospital so they oppose the closure; it can easily become the most salient political issue in a constituency for years on end. So what do you do? Back the voters or save lives?

As we saw earlier in this series, this conflict is not an occasional one-off. There is a backlog of unresolved policy problems stuck in precisely this holding pattern, between evidence and politics: it's the primary reason why so many issues stay locked in the "too difficult box".

There are five basic options for what to do about your unpopular-but-important policy proposal:

1. Don't do it. This is the default option, and what's landed us with our backlog of unresolvable problems.

2. Do it anyway and get punished by the voters. This was, laughably or tragically depending on your point of view, essentially Liberal Democrat strategy for five years. It was also Theresa May's strategy when she put social care reform into her 2017 manifesto. Political strategists have learned the lesson. They won't be trying this again soon.

3. Do it early on in a Parliament, in hope that people will have forgiven you, forgotten, or started to see the benefits by the time an election comes around. This was how Blair and Brown navigated tax rises for the NHS, and tuition fee increases. It was quite explicitly Dominic Cummings' strategy for how to do boring (to the public), expensive things like setting up DARPA.

4. Make a lot of political fireworks elsewhere as a distraction so that no-one notices you doing the unpopular but necessary things. This has been deployed by successive political leaders. Blairites have often told me that all the sound and fury about anti-social behaviour and criminal justice policy was, in large part, political pyrotechnics to capture the imagination while the "real work" was underway elsewhere in government. This is what Boris Johnson's most candid acolytes say too about Brexit: if you

act like a psycho for a couple of months, you win trust so no one minds when you fold, and make big concessions.

5. Give up on democracy as a game for fools.

Think back to my argument in the first paper of this series about what makes democracy work: connection and trust. Option 5 may be the only approach that's nakedly anti-democratic, but if you accept my case about the importance of the relationship between citizen and state, then options 3 and 4 cause structural harm to democracy, too. They treat democracy as a game that you win in order to do what you believe is the right thing for people, instead of a process by which the people decide what's right for themselves. And it's like taking out the pieces in a game of Jenga: every move destabilised the tower a little more. Every time we treat the voters as a problem to be navigated, not as citizens and decision-makers, we undermine a little more of the trust between people and politics that is so essential to good government.

Partisans and technocrats alike assume a wide, essentially unbreachable gap between "what people want" and "what's good for people," and it's through that gap that populists of left and right have charged with a simple question – who are you to tell me what it is good for me?

Laugh at me if you want for experiencing a loser's epiphany, but it was being trampled, repeatedly, by precisely that sentiment that taught me to give up thinking that "being right and coming third" – a phrase used by Tim Farron at a Liberal Democrat conference – was a valuable way of contributing to public life. If you're coming third, and you're still not questioning your conviction that you're "right" then you're doing something wrong.

Initially, the political obliteration that was visited upon the Liberal Democrats in 2015 shattered my faith in our political system. I remember standing in the party headquarters in the cold light of the morning after, as we waited for Nick Clegg to arrive back in London from Sheffield. Paddy Ashdown, who had somehow been a hero of mine even before I was interested in politics[2], stood in the middle of the office, strewn with campaign debris. With his voice breaking he asked the simple question of us all: "Why would anyone ever act in the national interest again."

By helping to provide strong, stable government for five years; by enacting policies we believed in on education, climate change, and tax; and by trying to tell the truth about the compromises necessary for a small party to make in coalition, we had done what we thought was right. And the party had been all but obliterated.

But the people I (broadly) agree with kept being defeated. Labour moderates were crushed by Jeremy Corbyn. The Liberal Democrats were crushed again, two elections in a row. The remain campaign was crushed by Brexiteers. And Conservative moderates were crushed by the leavers and the radicals.

On the morning after the Brexit campaign, I took myself to Ikea to buy office furniture for the charity I had set up. I couldn't concentrate on real work, and I liked the idea of saying I had done something European that day. I even had Swedish meatballs for lunch. I was at Ikea when I received a message from an old school friend, who was feeling as anguished as I was. "What is the point of democracy," she wrote, "if the vote of an educated person is worth the same as the vote of an idiot racist?"

2   As it happens, I first heard of him when my next-door-neighbour-but-one stood against him in the 1992 general election, which seemed to an 11-year old like an impossibly glamorous thing to do.

That sentiment has become common currency among people I used to think of as my fellow travellers. An increasing number of political thinkers of a generally liberal, progressive frame of mind, frightened by the rise of populism, are exploring precisely that anti-democratic sentiment. It might be expressed in anger, like my friend above. It might be expressed in pity, as another friend posted on Facebook: "In 1917, they were cannon fodder. In 2016 and every year since, just fodder. Stupid, stupid, gullible fools." Or it might be heavyweight academic theories like Garrett Jones' case for 10% less democracy, which I mentioned in the first paper.

It's the one thing that holds the centrist liberals and radical populists together: a rather dim view of human nature. And that is a bridge I am not willing to cross. I am as convinced as ever about the importance of liberal values. As convinced as ever about the importance of expertise in public life. But not ready to give up on people, and think of democracy only as a hurdle to navigate around.

We have to find a new way to do democracy, not give up on it. In the rest of this paper I hope to convince you of what I have come to believe: that our leaders need to abandon the heroic stance and adopt a humble one. At its simplest, I want to make the case that it is often more important to find the answer we can agree on than to find the correct answer.

AGREEMENT IS NOT A DIRTY WORD

Lots of people will disagree with the last couple of sentences, so let me explain.

Partisans will consider a focus on "what we can agree on" to be a capitulation to their opponents. Partisans, as we've seen, often take rather a dim view of the intellect or

morality of their opponents, so the idea that one ought to give them political house room is pretty upsetting.

The partisan way of thinking about policy is simple: there is an ideologically correct way of settling things, and that your job is to decide the right thing and go out and campaign for it.

In fact, people who do otherwise – who engage with the voters, or the opposition – are considered sell-outs. It was incomprehensible to Conservative backbenchers that Theresa May might reach out for Parliamentary support to the Labour party. The Labour party still condemns Tony Blair for indulging in focus-group politics, as if giving a damn what the voters want or think is immoral.

This whole paper is designed to contradict this idea that there is something wrong in involving the voters to identify consensus. It's not just morally defensible and practically sensible, it's also the only way to get policies that actually work to resolve those problems filling up our Too Difficult Box.

I'm going to set out the pragmatic case for cross-party working in a moment, but let's start with the basic point about democracy. It's a compromise.

Democracy is where everyone gets a vote, not just the people who you agree with. Labour say they stand for the interests of the many, and not the few: if that's the case, they ought to be interested in the ideas, values and priorities of the many, not just the few. Conservatives, too, claim their policy agenda benefits the whole country; if half the country is at your throat then maybe you're wrong.

The one simple fact most partisans need to be reminded of is this: whatever party you are in, the majority of people in this country did not vote for you, and they have as

much of a right to a say in how this country is run as the ones who did. I know that it is hard to stomach. Let me share one message I received from a former colleague, whose opinion I respect tremendously, after I sent him a paper exploring questions about healing divisions in our democracy.

"I am heartily sick of the depolarise narrative that appears to place an unhealthy and patronising emphasis on – for want of a better word – Remainers understanding why Brexiters voted as they did. How about idiot racists now at risk of losing their jobs understanding why Remainers valued collective investment in our future?"

This, of course, is a reaction to one particular divide in our politics: between Remainers and Brexiteers. There are days when I, too, wake up feeling like this – longing for the certainties of partisanship. There is almost nothing more satisfying in politics than believing you are right, and your enemies are wrong. It fills you with righteous indignation when you are losing and righteous glory when you are winning. But there is a liberal imperative to listen, learn from, and engage with the ideas and critiques of your opponents, whether you're winning or losing.

Learning

First: you can only learn from a place of humility. It is extraordinary political arrogance to assume that you, and those in your tribe, have the sum of human knowledge and understanding at your fingertips. And it is historically illiterate, too. On Twitter, recently, I asked my followers to name any issues where, with hindsight, it was clear their political opponents had been right. I got too many responses to list.

Some conservative thinkers told me they'd been wrong about the minimum wage, equal marriage, and climate

change. Some progressive thinkers told me they'd been wrong about joining the Euro, the privatisations of the 1980s, and the closure of the coal mines. I know some remain unpersuaded on every one of these issues, but most of them share a common history: a policy pushed through by one party, against strong opposition, which became hegemonic, irreversible change. In an earlier era, it was the founding of the NHS, or welcoming (if that's the right word) commonwealth citizens to the UK. No mainstream politician would propose reversing any of this: closing the NHS? Prohibiting same sex marriage? Reopening the coal mines? Joining the Euro? It is hard to remember a time when these were mainstream arguments; those who argued against them are the losers of history – what seemed at the time to be an ideological, principled case has now been consigned to the curiosity heap of history.

Imagine if Tony Blair had stayed open to criticism about the Iraq War. Imagine if Jeremy Corbyn had really listened to his opponents about anti-Semitism. Imagine if David Cameron had engaged fully with the opposition on the NHS reforms we tried to push through Parliament in 2011. Imagine if Margaret Thatcher had listened to her critics about the social harm her coal mine closures were causing.

The other guys might have a point
This brings us to the second reason to reach out beyond party lines, and engage with the substance of your opponents' case against you: it helps you avoid harm.

Confirmation bias means that once a party, or a minister, has adopted a policy they are putting psychological blinkers on that make it hard to see negative consequences from their actions. The opposition also puts on blinkers, but in mirror image: they struggle to see the

possible upside of anything the government does. But together, they can see the whole landscape, and actually improve the quality of policy making.

When I worked in government, I was introduced to an adviser who had been brought in by the Conservative party to support the introduction of police and crime commissioners in England and Wales. My colleague Steve Hilton introduced me with the following words: "You know how I told you that everyone who stands in your way is an establishment stooge who needs to be ignored? Well, Polly is different. Her concerns are legitimate and you should listen to her."

Because we were in a coalition, I had been put into this closed space, where we were allowed to talk about the possible negative consequences of the policy, blinkers off. Liberal Democrats were worried about an elected person taking charge of the local police if they had the support of only a small minority of voters: this could lead to divisive policing, targeting one part of the community on behalf of another. In the US, there are only two real parties, and they have primaries to choose their candidates. In the UK, where we have multiple parties, it might be possible to win a police commissioner election with perhaps 20% of the vote. As a result of that conversation, we agreed we would elect PCCs through the SV system, where each voter gets to rank their first and second preferences. This puts greater pressure on the candidates to appeal to people across the broad spectrum of their constituency.

This is one small change that has made little difference in practice and is, sadly, in the process of being abolished. But it's a helpful reminder of the way in which engaging with people who disagree with you can help knock the rough edges off your policy. Some would argue that Parliament exists precisely for this reason – but with

a majority government, its role is limited, and most government policy is not about legislation at all. It is formed and implemented behind closed doors.

As a result, in the normal way of things, change happens, and negative consequences are only dealt with afterwards, once a new minister is in place. They usually inflict a great swing of the pendulum in the other direction that creates a new wave of consequences.

It won't last

And this is the third reason why it is right to pursue broad, cross-partisan consensus for change. No party will rule forever. Your changes will only endure if you have planted the seeds of support among the opposition.

After the Second World War, development rights were curtailed by national reforms to planning policy. Whereas previously landowners had been relatively free to build what they wanted, and what they could sell or rent out, now the state was in control of planning development. All but the smallest building works had to be approved. Landowners were paid millions in compensation for having their rights nationalized in this way.

However, there was a new problem. If the state decided you could build, the value of your land would go up. You'd already been compensated for the loss of value, so this created what seemed like an unfair benefit. The Labour government therefore also introduced a development land tax, meaning landowners who were granted building rights had to give back that uplift in land value. The Conservatives opposed this policy, because they said it was unfair and would discourage people from building. They promised to overturn it if they could.

Imagine you are a landowner. You could apply for planning permission to build 100 houses today, and pay a development land tax. Or you could wait until there's a Conservative government, build your 100 houses then, and make far more profit. Unsurprisingly, lots of people sat on their land and waited. A Conservative government won the 1952 election and repealed the land tax, enabling many landowners to make large profits.

The next Labour government thought this was unfair. They introduced new legislation that would charge a 40% Betterment Levy on land sales or the granting of planning permission. Once it had come into force, landowners kept property off the market, expecting the tax to be repealed. In 1970, it was.

The third post-war Labour government tried again in 1976, creating a Development Land Tax at 80%. And you already know what happened next: the Conservative government repealed it.

Land taxes may be one of the worst examples of pendulum politics in our political history. But it is a telling one, where even the effectiveness of the policy during its periods of implementation was jeopardized by its political fragility.

Like it or not, in a democracy, policies only stick once they become the settled consensus. The process of building alignment between competing interests and different value sets is essential if you want to secure lasting change. We saw in the first pamphlet in this series the way political short termism has jeopardized lasting change on social care. Housing and infrastructure funding is in a similar mess.

Contrast the settlement achieved over pensions reform. A cross party process, involving business and labour unions, built consensus over a number of years for a new

system of auto enrolment of workers into an occupational pension scheme. This policy was legislated for by the Labour government, but implemented by a coalition that had promised to cut regulation. Billions of pounds of regulatory cost was imposed on business – to the benefit of society – by an aggressively deregulatory government because the political work had been done, already, to bind their hands.

So there are three principled reasons to explore opposition ideas and build consensus if you want your policy agenda to actually work. Your opponents might be right. Your policy might get better if you take criticism seriously. And bringing people behind you is the only way to make sure it sticks.

What campaigners do

The best argument against this pursuit of consensus is that it protects the status quo and prevents radical change. Pioneering car maker Henry Ford is reputed to have said that if he'd asked his customers what they wanted, they wouldn't have asked for a car, but a "faster horse". Campaigners often have a similar view. Their job, after all, is to introduce and make the case for a new idea – be that women's suffrage, carbon taxes, gay marriage or EU membership – regardless of whether people are in favour of it or not.

So let's be clear. I am not suggesting we give up on policy change, or give up on campaigning. I'm simply suggesting we need to adjust our mindset about how campaigns bring about change. Too often, campaigners pursuing a radical change seek only to influence the powerful, to try to get the change implemented. One obvious pathway is to persuade senior people in the Conservative or Labour parties to put an idea in a manifesto. If and when that party wins, it gets done. This may seem benign but it's

asking for trouble. If the idea is really radical, it's likely to fall at one of the hurdles set out above in The Inconvenient Voters. And the problem cannot be just written off as a lack of leadership by our politicians.

Here's the reality. If you want a change in policy that conflicts with the values or preferences of the majority, then your goal must be to change the values and preferences of the majority. Getting the government to impose something is not the way to do that.

People often pine for an imagined bygone era when politicians showed true leadership, and did the 'right thing' in the face of popular outrage. We often treat doing so as if it were an active sign of virtue; I remember one senior committee member in the Liberal Democrats telling a meeting that what made the party unique was its willingness to be unpopular.[3] We talk as if it is moral to impose the 'right thing' on an unwilling populace, until they learn that the right thing is right: and it's not just the left who do so. The hagiographic story of Thatcher is centred on her willingness to face down the serried armies of her enemies.

It is easy to mock "focus group politics" that follows public opinion instead of trying to lead it. But there is something fundamentally flawed in the idea that it is immoral to engage deeply with the public, including those who do not vote for you, in designing a policy programme. Public choice is the moral centre of democracy. All democrats should prioritise consensus over their personal preference, and never for a moment doubt that this is a moral position to take.

We will always need radical ideas. We just need a better pathway to bringing about consent.

3   He wasn't wrong, of course.

THE PROBLEMS WITH TECHNOCRACY

Any non-partisan technocrats reading this are probably nodding along. They find partisan thinking rather exhausting, and would love to pursue cross-party agreement. And then they add: in line with the evidence. So let me turn to them, and make the case for technocratic humility alongside the partisan kind. "What we can agree on" doesn't simply mean we do what the experts say is best for us.

Now: I still get the technocratic urge as much as the partisan one. I, too, have used the phrase enlightened self-interest to explain why things that sound bad for you are actually good for you. I, too, spluttered with indignation when Michael Gove said that people had had enough of experts. This is not going to turn into a postmodern rant that disputes the very existence of facts, or argues that because science is a permanent state of uncertainty, we might as well believe in fairies and homeopathy. Nevertheless there are real limits to what experts and technocrats can tell us about how the country should be run. And there are many policy issues where public consensus itself has a material impact on success.

I want to make three separate, but linked, arguments.

1. The question of "what works" is only relevant once you've agreed on what you're trying to accomplish.

2. Not all questions have a "what works" answer.

3. Even when there is a "what works" answer, technocrats often use over-simplified models of people to design policy solutions which mean the "works" part of "what works" fails to deliver.

That means we need to adapt the way we make policy: we need to stop using technocratic analysis to override public choice. Instead we must have the humility to put technocratic analysis in the service of citizen decision-making.

What works – for what?

Let's start with the first. I have lost count of the number of angry disputes I've witnessed with experts demanding that we do "what works" when what they really want is to change the intended purpose of the policy. Take crime. Michael Howard famously said that prison works. But of course you'll find plenty of criminologists – most, in fact, who will tell you that prison doesn't work. They're both right. It just depends what you are claiming prison accomplishes.

• Does prison work to help turn people away from crime and turn them into law abiding citizens? Not usually.

• Does prison work to deter potential criminals from committing crimes? A bit, maybe, sometimes.

• Does prison work to drastically curtail an individual's ability to commit crime, while they are in custody? Yes.

We have a similar set of circular disputes about benefit sanctions: the system by which if you don't follow the rules set by your JobCentrePlus adviser, you can have your benefits taken away for a number of weeks. Campaigners say: benefit sanctions don't work. What they mean is that benefit sanctions don't increase the number of people leaving benefits to go into work, and they're broadly right about that. However, the people who introduced benefit sanctions didn't ever say that was their goal. Their main goal, as I understood it, was to ensure that the benefit system was not a soft touch, with 'something for nothing'

payments to people who were only pretending to look for a job. That may be a bad goal; benefit sanctions may be a bad policy for any number of reasons. But it's a misuse of expertise to say they 'don't work.'

I once got a policy note from the Department for Transport on a proposal for a young people's bus pass. They concluded that it was not cost-effective. This was intriguing because we hadn't told them the intended effect of the policy: it might, indeed, have been an inefficient way to increase bus travel by young people, but it was an extremely efficient way to transfer money to young people who caught buses. Argue about whether that's a good idea, by all means, but don't claim the policy doesn't achieve the intended outcome without asking what the outcome is supposed to be. Experts do themselves a disservice when they end up having an entirely separate conversation from the public. Technocrats should stop saying a policy "doesn't work" when what they mean is that they don't like what it seeks to accomplish.

The fact of consensus

The second problem with technocracy is also to do with scope. Not all questions have a "what works" answer at all.

You can separate questions into two broad categories. Discovery: where there is a correct answer. And agreement, where the right answer is simply the one everyone agrees on.

If I asked you how many words there are in this pamphlet, you could make a guess. We could discuss it between ourselves. But we could also count the words, or get a machine to do it for us, and we'd know for certain. That's a discovery question.

But if I asked you, "What colour should we make the cover?", there isn't a correct answer. The only correct answer is the one we can agree on. These are "agreement" questions, and for those, what matters is the process by which you come to a shared decision. These are decisions whereby the "right" answer is established not by fact, but by the fact that it builds consensus.

In public policy we have treated far too many decisions as "discovery" and left them to experts, without recognising that the process of making decisions is something pretty vital to us as humans. Having someone else decide and hand down the answer is incredibly alienating.

About 10 years ago, my husband and I spent New Year in Bulgaria at a ski resort, in the worst hotel I have ever been to. It was full board, but the catering was so bad that even a group of 20 year old impoverished students chose to buy food elsewhere. The first night, after picking my way through spaghetti so overcooked it had turned into a single solid slab of carbohydrate, I asked my husband to go up and choose me a pudding. He brought me back an orange which had gone mouldy around the top. I was outraged.

"It's the best thing they have," he assured me.

Of course, I didn't believe him, so I went up to the counter. The mouldy orange was, indeed, the best thing they had; but only when I made the choice myself did I have confidence in it. And this is the love of my life, in whom I have consummate trust. Imagine if a stranger, or a government, had brought me that mouldy orange.

Government decisions handed down from on high because they are, according to an expert's determination, the best option, can be like mouldy oranges from a stranger. When it comes to economic growth, for example, the technocratic model rather expects people

in left behind towns or marginalised communities to be grateful because the experts knew (or believed) that the government was doing the best it could, according to the evidence. We basically assumed that people would be pleased at being 2% better off than a counter-factual they never experienced, even when they could see, through the panopticon of envy that forms our social media, other people who were 100% better off.

I learnt this word counter-factual on my first day in government, from a senior civil servant who used it as if it were common parlance because it is, in government circles. It's the ultimate technocrat word. There is hardly anyone working outside the fields of economics, public policy or academic philosophy who uses it.

A counter-factual is a thing that didn't happen. You model out what would happen if you didn't do your policy and compare it to life with your policy. And then you assume that this little model on a piece of paper seen by three people and a Minister is enough to persuade the whole world that life is better because you did the thing you did. In retrospect, it's astonishing that it took the Brexit vote to help us see that this wasn't going to work.

People want the chance to make the decisions themselves, even if that means they might choose the 'wrong' option. There is such a thing as objective truth, but infrastructure decisions, public spending priorities, the structure of our welfare system and how we best manage the pathway to net zero carbon emissions: every one of these is debatable. They are not 1+1.

Of course, many people will argue that there is too much at stake: climate change is too urgent, for example; the needs of benefit claimants are too profound; the need to close that hospital and save lives is too great for us to risk the time, and possible mistakes, of participative decision-making. So let's start with an example where most people

agree it's safe to have a community-led decision-making process, because it's low risk: deciding what to put in a new local park.

This is an agreement question, in which there is no single right answer. Nevertheless the choices the community can make are bounded by reality, and the decision-making process needs the benefit of experts. The boundaries of reality include the basic fact that you cannot put Alton Towers into a one-acre local plot, for example. Experts will be needed to provide information about what kind of plants are likely to thrive in that kind of soil and climate; about the depths of foundations needed for any buildings or play structures; and about likely costs associated with the range of choices people might make. There might be a capped budget, or the local authority might allow people to agree to funding, collectively, a higher cost.

What happens when a community gets together to make the decisions, supported by experts in this way? Is the park any better than it would have been if an expert park designer did the layout on their own? It might be: it might balance the needs of the different park users better than the expert would have done, because they were involved. But participation has value even if it doesn't make the decision any better. It has value because it changes the people who were involved, and it changes their relationship to the policy. Being part of the decision-making process changes the way you feel about decisions: just as it changed how I felt about picking the mould off that orange. Participation triggers what I've treated above as a foe, but can also be an ally: our confirmation bias.

Let's take that insight back to the bigger issues, where there's more at stake, like our benefits system. It is certainly the case that experts still need to be involved. It is certainly the case that there are boundaries to what's

possible. But participation changes how people feel about the policy and that has a material impact on whether the policy is successful.

Here's what the technocrats need to understand: legitimacy and popular support are actually essential characteristics of successful policy, especially when we are asking people to tolerate, or even lean into such extraordinary economic and social change.

Climate change policies that are resented and unpopular are not good policies, because citizens will find ways around complying with them: as we saw above, we need mass changes in people's behaviour and angry people won't make those changes, even if the politicians would insist on them.

A welfare system that is resented and unpopular is not a good welfare system, and not just because it is in perpetual political jeopardy. Vulnerable people often stay away from stigmatised services: in the pandemic it seems millions refused to claim benefits because they were embarrassed to be dependent on them. Contrast our NHS, which has extraordinary legitimacy and popular support and is more effective as a result.

Participative policy making is not the only way to secure widespread public consent, of course, but it can help: the NHS was designed and has been repeatedly redesigned by technocrats. But it has more than 75 years of brand building to trade off, a privilege most policy dilemmas cannot exploit. If we want people to accept change, we have to put them in charge of it.

In the end, the choice is not between the perfect system (according to your technocratic or partisan preferences) and an imperfect one. It's a choice between a system that works because it is widely supported, and one that doesn't, because it is constantly under political attack.

The fact of our feelings

The third problem with technocratic policy making is somewhat different. It's about feelings, relationships, and the 'second invisible hand' of altruism that shapes so much of human societies.[4] Technocrats are much better at understanding, and dealing with the first invisible hand, which means they end up far better at growing the economy than at growing society, and we often get a ripple effect of social consequences in the informal economy, as a result of reform in the formal one. That ripple effect undermines our ability to achieve the intended policy goal.

This is driven, first and foremost, by the data that is available to plug into policy models. These models are getting more complex: we're slowly replacing homo economicus, a game theory version of a human who always acts in his or her own self-interest, with homo behaviouralis, complete with human psychological quirks and biases. But we are still missing vital information from our understanding of how society, and the people within it, operate. There are three key missing components: the gift economy, human feelings, and interpersonal relationships.

GIFTS: The gift economy is all the things we do for one another without money changing hands. It's every piece of housework we do for ourselves and our families. It's every moment of grandparental childcare. It's every friendly word or supportive text. It's every plaster and wiped tear after a fall in the playground. It's every smile in the street. It's every item of borrowed garden equipment or hand me down clothes. We collect vastly less data about this than we do about the transactional economy, for obvious

4   Making Democracy Work looked in more depth at this "invisible hand". It's a reference to the invisible hand of the market, a metaphor introduced by Adam Smith in The Theory of Moral Sentiments, in 1759. Demos founder Geoff Mulgan wrote about the "other invisible hand" in a paper of the same name in 1995.

reasons: without money, there's no data trail. Some feminists, noting that a huge amount of the gift economy is women's labour, argue that our failure to recognise it is a symbol of patriarchal thinking. They have a point, but there are also benefits (including to women) to keeping the eye of the state off the gift economy: everything we do for one another for free is also tax free.

RELATIONSHIPS: The gift economy is closely linked to the other characteristic of human nature that policy models struggle with: our relationships. When you're putting people into a spreadsheet, it's much easier to put them in as individuals. Some systems look at households, and some at family units, which are a slightly better reflection of how we live our lives, but mostly still far too simplified. We are social creatures, and our networks of relationships can have a profound impact not just on ourselves but on the success policies have in our lives. When you ignore them, you end up with huge policy blind spots.

Social care is a good example: the number of relationships a person has with people who are willing and able to care for them without financial reward, the lower their need for formal, paid care. And yet policy makers have almost no data on, or strategy to improve, relationships. We prioritise the formal economy, often because it's the only thing we have real data about, and forget to price in the impacts to the gift economy. When women – it is usually women – step into the formal economy, the time they have available for the gift economy shrinks. Sometimes outcomes worsen: children with working mothers are more likely to be overweight, for example. And sometimes the state steps in to cover the costs of rising unmet need, as it does with social care provision.

Because we struggle to count or model relationships, we also focus on individuals, and build almost all our public service and legal frameworks around them, even though

few of us are entirely independent of other people. Just one example: the banks will tell you that you, and you alone, are responsible for your PIN and your online banking password. And yet a third of people know someone else's. A fifth of carers look after someone else's finances. One in ten has impersonated their loved one on the phone because it was the only way to get past privacy rules. Policy makers have almost no answers to this.

FEELINGS: That's in part because they affect the final piece of human experience that policy makers struggle with: feelings. Politicians do care about how people feel about policies, of course, but that's different from recognising that feelings are of material relevance to policy design and policy success. Occasionally you will find ways in which feelings are measured: consumer and business confidence, for example, are tracked. But these are rare exceptions to a rationalistic model which presumes feelings are an irrelevance at best, and an impediment to understanding at worst.

This is short sighted. As consumer confidence shows, feelings actually change outcomes, they're not just a reflection of outcomes. They affect how people behave. They affect how people respond to debt crisis. They affect crime rates. They even affect medical outcomes – and medicine is one sphere in which, slowly, policy makers are starting to realise it.

Medicine is one of the fields in which experts dominate choices. It's not like buying a sandwich, where you'll trust your judgement, or even a TV, where you might get some expert advice, but you're confident you know pretty much what you're looking for. In the standard medical model, people go to the doctor when they don't know what's wrong. The doctor uses his or her knowledge and insight to identify the problem and prescribe a solution.

Economists call markets like this ones with high asymmetries of information. Markets with high asymmetries of information require closer regulation and scrutiny because it's much easier to manipulate and abuse someone who is following the vendor's advice about what to do. We have an entire medical professional regulatory system to ensure good standards from doctors. But one thing that struggles to deal with is the doctor's sense of his or her own heroism, as the source of information.

That becomes a problem when doctors consider themselves a source of information that, in fact, only the patient has access to. Sometimes doctors diagnose problems, fix them, and then discover that the patient still has the problem they had at the beginning. My first serious boyfriend was a competitive rower, and he'd injured his knee. He got a job which came with private medical insurance, which he was thrilled about as he could get fast track surgery to repair it. The surgeon pronounced the surgery a success: the cartilage around the knee cap was now fixed. My boyfriend was still in pain.

This isn't a one-off; particularly when it comes to musculoskeletal problems, surgery often doesn't have the impact both doctor and patient hoped for. So, from the 1980s, doctors started to collect what they called Patient Reported Outcomes. Instead of the doctor deciding if a treatment had worked, they asked the patient. As a recent paper on the history of PROs states:

> "[The] patient can tell many things like thoughts, complaints, opinions that technology or any observer can't and which is actually more valuable. Further to add, in some diseases survival is not the ultimate goal of the treatment but quality of life also plays an essential role in the treatment."

Doctors, like most experts, are an absolutely essential part of a healthcare system. But the hero model is the exception, rather than the rule in modern medical challenges. Of course – sometimes it's the invention and deployment of a vaccine that changes the game, and we should be in awe of the scientists who produce them. But most of our society's medical problems are ones where patient choices, patient feelings and patient capability are fundamental to outcomes. A doctor can tell me that I would be healthier if I ate less cake and exercised more often. A doctor can test my blood pressure and cholesterol. But a doctor cannot be beside me and prevent me from eating the cake, or take me out for a run in the park.

Modern medicine is slowly changing, reflecting the reality that, most of the time, you can only solve the medical problem if you put the patient in control. We can all understand that how the patient feels about their diet regimen is more important than the precise nutrients in every forkful of food. Policy makers need to make the same journey: instead of focusing all their effort on designing the precise diet of policies, they need to focus on how people feel about the policies.

And sometimes, feelings are the outcome that matters most. After all, why do we care about GDP if it's not in order to improve people's wellbeing? If GDP went up but wellbeing went down, we wouldn't be winning.

Some technocrats seem to want to strip people of their emotions, educate them into rationality, train them to stiffen their upper lip and spend more of their evenings reading data tables and calculating risk parameters – perhaps then, they think, democracy could work. But feelings are not just an inconvenience: feelings are the outcome that matters most. Feelings are the reason we care about doing the right thing, not the barrier to the

right thing. If you disregard them to make your model work, and abjure people to be happy because the model told them they should be, you've got your telescope the wrong way around.

The humble technocrat

Of course for all three factors – gifts, relationships and feelings, some will argue that we just need better models that do put all this into the mix of policy design. We certainly can, and should improve the models. We should shift the outcomes we care about to those ones reported by citizens themselves as the ones that make life worth living: wellbeing and life satisfaction. But complexity theory tells me we will never have perfect models of the complex, living, interconnected systems humans create. We saw in the pandemic that some kinds of problems are far better resolved by local and hyper-local activity: community organising, which leveraged local social capital, was not just faster and more personalised, but also more efficient and effective in getting food to shielding people and families in food poverty. This shocked many technocrats who thought a standardised, centrally procured system is always the most efficient. It cannot be, because it's incapable of interacting with, and leveraging, the complexity of human feelings and relationships.

Of course: not all problems can be solved this way. The centralised apparatus of the state (while leveraging local relationships to use non-NHS buildings like cathedrals) was fundamental to the success of the vaccine roll-out. There is still vast need for technical innovation, science-led discovery, infrastructure investment and other things that the state is, on balance pretty good at, and should carry on doing. But when you look at the unresolved problems queueing up at our door you realise that they are unresolved precisely because they are not the things

our current state, with its heroic model of management, is any good at. If we want to fix them, we need to go about governing in a different way.

CAN YOU FIX IT?

A fundamental law of politics is that it is far easier to identify problems than to identify solutions. I hope I've made the case that we're harming democracy by trying to ignore difficult conversations with the voters, and sneak policies past them when they're not looking. I've explained why partisan thinking harms our ability to create lasting solutions, and I've poked holes in the technocratic fantasy that all problems can be solved by three clever people, a spreadsheet and a randomised controlled trial.

But what do we do about it?

The answer, I believe, lies in humility. It lies in accepting that policy makers, experts and technocrats are the servants of our democracy. Instead of putting our hero armour on to quest for the right answer, we need to be humble, and search instead for what citizens can agree on. We must devolve power so it's close enough to citizens that they want to get involved. We must stop arguing about what works unless and until we've decided what we want to accomplish. We must involve citizens themselves in the driving seat of participative policy-making: by doing so we can design policies that have popular consent and widespread legitimacy and are, therefore, more successful policies. And by involving people directly, we bring information into the policy process about the feelings, relationships and complexity that bureaucracies find it impossible to perceive.

I'm talking about a lot of hard work for citizens, here. And that's important. Because the heroic model of policy making isn't just failing because our leaders are wrong, or

the models the civil service builds aren't clever enough. It's failing because it lets citizens off the hook of being responsible for their choices and their consequences, and in the face of extraordinary change in our lives and circumstances that isn't good enough. If we put the weight of the state into efforts to help us find settled solutions to shared problems – those 'answers we can agree on' I'm advocating for – it shifts the burden back to citizens to be part of the thinking, part of the process, and part of the solution.

Management theorist Charles Handy wrote that in an uncertain, complex age, business leaders needed to change. "Whereas the heroic manager of the past knew all, could do all, and could solve every problem, the post heroic manager asks how every problem can be solved in a way that develops other people's capacity to handle it."

The heroic policy maker wants to fix citizens' problems for them, but the post-heroic policy maker accepts that instead we need to build their capacity and capability to fix them themselves.

At Gettysburg, Abraham Lincoln spoke of government of the people, by the people and for the people. The phrase echoes through history as an expression of the democratic ideal. But we took a misguided shortcut. Technocracy is government for the people; if you have the right civil servants and elected officials, it can even be government of the people. But it is not government by the people, and that is at the root of its failures. Only a radically more inclusive democracy will be able to navigate the collective catastrophes we're currently heading towards.

As John Stuart Mill wrote 150 years ago: "A state which dwarfs its men … even for beneficial purposes, will find that with small men no great thing can really be accomplished." For generations, we have had a democratic system that has dwarfed its men – and women.

People have been denied the opportunity to learn from the process of democracy – from being part of decision making in local, responsive organisations connected to their everyday lives. It is no surprise that sometimes people ask for the impossible when they have had no opportunity to learn about the difference between the possible and the impossible.

Our system has taken responsibility away and put it all into the hands of distant representative politicians, hidden in complex and unresponsive institutions. Our leaders wrote legislation that no-one could understand. They designed solutions for ciphers instead of flesh and blood human beings. They took decisions based on cost-benefit analyses that bore no relationship to what people wanted or preferred to happen in their place. They infantilised and alienated citizens with opaque policy process, and pyrotechnic politics that rarely tackled the big issues.

Government for the people is failing. Government by the people has the best chance of succeeding.

I will be accused of naivety. Of an idealistic view of human nature: that people have the time, capability, patience, and intelligence to take more decisions for themselves. In fact, I am not naive about human nature at all. I think it's clear that humans are a peculiar species with all sorts of tendencies that make us rather poorly adapted to the circumstances we find ourselves in today. We are bad at understanding reality: ask the average person in the UK how many Muslims live in their country, chances are they will overestimate by 10 or even 15 times. Ask them how many women experience sexual harassment and they'll underestimate by half. We are hamstrung by our cognitive biases. We are naive and foolish and prejudiced. We live in stories, not facts. But we're also a source of extraordinary compassion, bravery, understanding and innovation. Flesh and blood humans, with all our faults, are the source of all our joy and purpose in living.

We need a democracy that builds on the peculiar strengths of the human species, not its peculiar faults. The central strength is this: the more we know each other, the more we trust each other, the more we will do for one another. That means building trust, knowledge, and relationships is an essential part of statecraft. Devolution; public participation; citizen empowerment; developing societal resilience and community capacity to resolve problems: these are the key ingredients of the policy revolution we need.

As we saw in the first two papers, great and growing diversity of interests and fragmenting social capital are reducing the scope for policy we can agree on, as each day goes. That's why the new era of post-heroic policy needs to go beyond involving the public more deeply in policy choices. We need to go one step further. We need a policy programme to create the conditions for consensus in society, starting with trust and shared identity. That will be the focus of my final paper – The Gravitational State – in a couple of weeks.

THE GRAVITATIONAL STATE

During the 2010 General Election campaign, a large Conservative poster was put up in the bus stop outside my flat in Peckham. I saw it every morning when I left at 5am to get to Cowley Street, Lib Dem HQ. And I saw it every evening when I came home at 10pm to grab a few hours' sleep. "Big Society," it declared, "Not Big Government". I chewed that message over a lot, in my caffeine-fuelled journeys, until I finally figured out why I, an anti-big-government liberal, and a fan of society, found it so irritating. It was the word Big. Brothers, after all, are generally a good thing. Big Brothers? Not so much. Society? Count me in. A Big Society? No thanks.

The debate over this word society has marked the sea changes in political ideas ever since Margaret Thatcher's interview to Woman's Own in 1987, in which she famously declared: "Who is society? There is no such thing! There are individual men and women and there are families." The comment was picked up by Tony Blair, who used it as a symbol of everything that was wrong about the individualistic era of the 1980s. It was so effective that David Cameron put his take on Thatcher's words at the heart of his pitch to detoxify the Conservative party, declaring "There is such a thing as society; it's just not the same thing as the state."

In this paper I want to argue that, while there is such a thing as society, it doesn't happen by accident. Increasingly, the state needs to take a leading role in building and shaping it: we need a "gravitational state" that pulls people together into a society. The paper is the last in a series called Making Democracy Work. In the first I made the case that the success of a democracy is contingent on this thing we might call "society" – or a "demos". And that a strong society is founded on trust and relationships between citizens, and between citizens and the state. In the second paper I looked at a dozen different trends that are fragmenting society into atomised individuals and opposing tribes, and made the case that it is the state's job to address this. In the third paper, I looked at the way we make policy, and argued that it is doing the exact opposite: dividing and patronising citizens. In the pages to come, I want to set out an alternative approach to government and policy making that can rebuild society, empower citizens, and unite a demos to tackle collectively the vast challenges our century presents.

THE PURPOSE OF POLICY

This won't feel like a set of proposals to tackle climate change, regulate AI, design an immigration system, fund the state, or resolve any of the biggest policy problems that usually come to the top of the list. That's because it isn't. It's an agenda to build a society that's capable of agreeing on how to solve those problems.

Throughout, we're going to need to think about the externalities of policy choices – or it might be easier to call them side-effects – in a new way. In fact, sometimes what look like side effects are the effects we really want.

Margaret Thatcher once said, of her policy plans, that "Economics are the method; the object is to change the heart and soul." In other words, Thatcher wanted

to transform the way British people thought about themselves, their identity, and their relationship to one another. She and many of her supporters wanted to build a property-owning democracy: they believed that asset ownership helped people to be more ambitious, entrepreneurial and self-reliant. In other words, the purpose of a policy like Right to Buy wasn't simply to increase home ownership: it was to change the way people felt about housing, assets, investments and opportunities. Policies like this, along with others like encouragement to buy shares in de-nationalised industries, were driven by the belief that over time, a more ambitious, entrepreneurial and self-reliant set of citizens would drive growth, opportunity and responsibility across the country.

I am no Thatcherite, but I have always been drawn to this way of thinking about policy, which recognises that every policy choice is about far more than whether it achieves its primary goal. The path you choose has ripple effects on the way people feel about themselves, about each other, and about the government.

For example: a universal welfare payment like Child Benefit might change how recipients feel about the benefits system, even if higher income families pay out in taxes more than they receive. You might be able to design a tidier system, with means-tested payments and lower taxes, that looks the same in terms of its distributional effect between poorer and richer families. But it wouldn't have the same impact because people would feel differently about it.

There are always dozens of different ways to achieve any policy aim. Usually policy makers will argue about which is the most cost-effective, direct path to achieve it. Politically-minded policy makers may focus on which is the most popular. I want to focus on the side effects;

as novelists have known for a long time, sometimes the meandering path is better if you make friends along the way.

For example: if you want to narrow the attainment gap between richer and poorer children, or between ethnic groups, it might be possible to do it in a highly segregated school system, if you get the funding right. But it would miss the opportunity for children and families to build relationships with people from different backgrounds, so I'd prefer to focus on options that come with a side-effect of integration. And I don't mind so much if that seems to offer a slightly lower return on investment than a segregated alternative.

This set of ideas is a response to the question of how we can build the conditions for consensus, and the resolution of the conflicts that are preventing us from solving our collective problems. Front and centre of our political agenda must be considerations about how policy changes the experience, the relationships, and the structure of society.

Fifteen years ago, then Demos chief executive Tom Bentley came to a similar conclusion in his paper Everyday Democracy, one of the best and perhaps most fatefully ignored pamphlets we have ever published. Tom argued, as I have earlier in this series, that the gap between the skill set of the consumer and the skill set of the citizen was getting ever wider. He expressed serious concern at the stagnation of our institutions and the rise of tribal politics to take their place, warning that "the erosion of fragile democratic cultures will lead to the breakthrough and dominance of a far more basic and violent form of identity politics. The existence of far right parties in Europe, and of radical Islamic parties in many other countries, illustrates this possibility."

Tom's prescription was, as the name of the paper implies, an Everyday Democracy. He summarises it in the paper in this way:

> *"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."*

In other words, Tom argued for more democratic processes not particularly because they were right or moral, or even because they would improve the quality of the decisions made, but because they would change the experience of citizens, the relationships between them, and so the nature of society.

Promoting and developing Everyday Democracy became the central purpose of Demos under Tom's leadership. Now, in 2021, I want to return it to its rightful place as one of our most important themes. But I want to go further, because everyday democracy, in which people take more power and control in the processes and organisations that affect their daily lives, is a necessary but insufficient response to the crisis of division and individualism we face. To change the heart and soul of the nation we need to strengthen more than just people's relationships with political power.

- We need to strengthen the relationships and trust between individuals, and between divergent groups.

- We need to bring the interests of divergent groups closer together, under a cohesive national identity.

- We need to build the skills of citizenship among our people to enable them to be better collaborators.

- We need to generate a sense of economic and procedural justice: make it feel to everyone that the economy works for them, and for people like them.

To put it even more simply, we need to focus on relationships: between people and each other, people and the economy, and people and politics. So alongside Everyday Democracy, we need to build:

- A civic nation in which we take radical steps to build relationships between individuals, groups and communities, and so build an inclusive, diverse British demos.

- Citizen capitalism in which we give people more control and power in their economic lives.

The overall goal of the agenda set out below is to build a society that is capable of reconciling its differences. The policies I suggest would help build a cohesive demos, where relationships between people, politics, and the economy are strong enough that the compromises of a shared future feel worth making.

EVERYDAY DEMOCRACY

Tom Bentley made the case for Everyday Democracy as a way of reconnecting people and politics. Instead of trying to fix democracy by fiddling with the most distant institutions, involved in the most arcane and complex

areas of policy, he proposed we start with the grassroots: involve people in democracy about the things that matter most to them.

As Tom put it:

> "How can this set of [democratic] principles be given tangible expression through institutions that connect with people's daily lives, rather than being imprisoned within cultures and institutions that are viewed only through the long-distance lens of the media. Only if democracy is anchored in everyday experience will it be possible to legitimise shared rules that restrict people's freedom some of the time."

That means there are two basic elements to this reform agenda.

• Massive devolution

• Participative policy making

The goal of everyday democracy is, in large part, about capacity building for the individuals who comprise the nation, so I will also look at the support people need to enable them to be effective, active, digitally included citizens.

Community Devolution

The desire to standardise across the country is driven by an ideological commitment to fairness and equity that has huge merit. Politically, devolution bumps up against fears of a postcode lottery or postcode inequality as poorer areas get less funding, because they have higher needs but lower tax revenue. There's also the risk that politics gets more intense locally, and you end up surrendering

evidence about what works and replacing it with what people fancy, even if that's no housebuilding, unsafe hospitals or expensively-subsidised,but hardly-used, post offices.

So why do we need far greater democracy at the local level? It's because taking decisions away from people absolves them of responsibility for managing trade-offs and complexity. It allows them to outsource difficult decisions to politicians who they then complain about, and eats away at the political system. Many of the policy problems we face today are in fact better resolved at community level because it's where we have the best chance of building legitimacy for so many uncomfortable decisions.

But the community level is also where you can leverage human relationships, voluntary networks and community infrastructure to be far more effective, often for less money. The state can be mobilised at national level to meet demand, but only a really strong social system can actively reduce demand.

The Community Paradigm is the name given by New Local, a think tank working with local government and other organisations, to their work. Articulated by director Adam Lent and research director Jessica Studdert, the Community Paradigm is a helpful alternative way of framing the argument about everyday democracy. I want to touch on it because it helps show that community decision-making and community control do not need to lead to worse services: in fact they can be better than the technocratic systems they replace which offer only the illusion of efficiency or equity.

Before the Second World War, our public services were delivered by what Lent and Studdert describe as the civic paradigm: a patchwork of local, independent organisations

funded by voluntary contributions and, increasingly, by tax, especially local taxes. When the modern welfare state was founded in the 1940s, it was designed around a hierarchical, state-controlled model: Lent and Studdert describe this as the state paradigm. From the 1980s a market paradigm was predominant: focusing on the state as purchaser of services, focused on driving efficiency and expanding choice and competition in public service markets.

Lent and Studdert argue that we should shift to a community paradigm:

> *"The fundamental principle underpinning this paradigm is to place the design and delivery of public services in the hands of the communities they serve. In this way, a new, egalitarian relationship can be built between public servants and citizens: one that enables the collaboration necessary to shift to prevention; one that requires communities to take more responsibility for their own wellbeing; and one that means citizens and communities can genuinely take back control."*

Their work identifies why the community paradigm is more likely to be effective at tackling the kind of systemic problems identified in earlier chapters. It engages people at a level that is far more likely to influence their own behaviour and choices. It has agility and personalisation that are vital in a diverse society. It builds connections and relationships between people that, over time, add up to social capital.

Communities have shown they are one of the most effective elements of disaster and emergency relief. All our resilience planning should include efforts to build up social capital and community infrastructure that can be flexibly deployed at times of crisis.

We need to stop thinking of community as a nice to have and start putting it at the heart of our recovery and renewal planning. Community action isn't a bolt-on to make people feel good: almost every element of government activity should consider how to mobilise community action and volunteering, as a way of improving outcomes and effectiveness.

One of the best arguments against devolution, of course, is that it enables far more variation between places and that tends to benefit people who are better off: instead of a single national system, you get good services where people can pay for them, and bad services where need is highest. Of course, national systems tend to have huge variation in them, too, no matter what the theory says. But it's vital that we don't allow community devolution to exacerbate inequality: in fact, we should use it to push in the opposite direction. Efforts to build social capital and democratic capability need to be concentrated in areas of higher deprivation. Whether through the transfer of community assets, the investment of time and resources in training, education, and relationship building, or simply through more direct funding, poorer areas need far more support, to enable them to take power, and develop their capabilities.

Participative policy making

A couple of years ago I was invited to speak on a panel at a festival called The Battle of Ideas. It's convened every year (or was, pre-pandemic) by the Institute of Ideas, and it's designed to put big, radical ideas and combative speakers up against each other. The panel I was invited to was about the future of democracy, and I was up to speak last.

First up was an advocate of referendums, who argued that most decisions should be put to a wide public vote. He talked about the spirit of Athenian democracy in which everyone was involved in all the major decisions. He was followed by a speaker who proposed digitising democracy: essentially put all legislation on a democratic wikipedia or Github and let people change it, and argue in the comment section. Only people it mattered to would get involved, and this was a feature, not a bug. We'd collectively debate and agree on all forms of law electronically. The third speaker proposed we focus on deliberative democracy. He talked about the Irish citizens' assembly on abortion and quoted a number of other citizens' panels or deliberative assemblies that had been used to improve the decision making process.

I found each of the speakers rather compelling and interesting, but I was baffled by the pitch each made that, essentially, their proposal should be the sum total of the democratic system. It was like DIY enthusiasts arguing about which is the best tool. You need a drill, and a saw, and a screwdriver to build a bookcase. These radical reformers were just like the conservatives who wanted to protect representative democracy as the be all and end all of decision making: absolutists who want to do everything with one tool.

One tool is not enough for democracy: we need to deploy a range of decision making processes and systems from online deliberation and citizens' assemblies to better voting systems and better processes of consultation. There are so many ways to put people in charge – we shouldn't limit ourselves to only one.

We should supplement, not replace, our system of representative democracy. Here are three ways to start doing that:

A. When we get stuck

Experts are often called in to deal with problems when politicians get stuck: they want to do something but are worried about the political risk. Gordon Brown, for example, wanted to put more money into the healthcare system. Instead of just saying, "I'm going to put more money into the healthcare system", he asked an expert, Derek Wanless, "Can you advise me on how we might meet our healthcare needs in the future?"

Derek Wanless went away for 18 months, came back and said, "Well, you could put up taxes and put more money into the healthcare system." That enabled Brown to do what he wanted to do in the first place: the decision was legitimized by expert advice. The same playbook was used for tuition fees: Blair wanted to increase them but his party were sceptical so he asked an expert, and then used that advice to navigate around the political problem.

So far so good? No: because the model only really works when public opinion is already on your side. The stakeholders it helps you navigate around are, very often, internal ones in your own party; this was certainly the case on tuition fees. When the politics are tough, as they are on social care, the independent expert's report gets stuck in a drawer gathering dust.

From here on, we should adopt an entirely different approach to what happens when politicians get stuck: they should ask the people. Citizens' assemblies are a fantastic innovation for dealing with these stuck issues. Instead of appealing to experts for legitimacy, we should appeal to normal, everyday citizens, and trust them – when given access to time, information, and expertise – to make the right choices. Few criticise the legitimacy of the jury system in deciding the fundamental question of who is convicted of a crime, because we know that the individuals have nothing to gain from the decision. They may come

into the room with their own prejudices, value systems or points of view, but when they take the time to discuss, we trust the outcome. We can build on that in our democratic system.

B. Consultations

At a wedding in 2019, a friend of the bride came up to me to introduce himself. He worked at a government department, and was working on the consultation for a major white paper on an important issue of public policy. "We've put the consultation response from Demos on the pile of things we're actually going to read," he said.

Of course, my first response was to be delighted that they were taking our submission seriously. But when I thought about it in more detail, I felt a bit depressed that this is, in large part, how consultation is dealt with. The people who really care send in their thoughts; on big issues thousands of responses are received. Stakeholder groups who can secure a meeting with the minister or backbenchers may get their input listened to, but the volume of consultation responses is so large that often, a junior civil servant is put in charge of sifting and summarising, and the senior decision makers only ever get a vague sense of what people said. These consultations are also anything but representative; they attract those with the greatest interest, which tends to mean those with the most polarised opinions on each topic.

When I was in government, we persuaded Parliament to introduce a petitions system that would trigger a formal debate in Parliament if anyone could secure more than 100,000 signatures for a petition. The Committee wanted the final say on that in case people (as they did) submitted daft proposals like Jeremy Clarkson should be Prime Minister. What we failed to acknowledge is that people take the piss when they're not being taken seriously. What

harm would a debate about Jeremy Clarkson really do, in comparison to the harm of telling people that politicians think they are more right than the voters?

We need to take public consultation much more seriously. For the last year, Demos has been pioneering the use of a new online tool for public participation in policy called Pol.is, including in a series of collective intelligence experiments with the Cabinet Office.

Originally developed in the US, but first deployed in Taiwan, Pol.is enables us to take a new approach to building consensus that should be a basic component of public consultation. Pol.is is an interactive survey format which allows respondents to do more than just answer the questions: they can also submit questions for others to answer. It therefore enables us to crowdsource ideas from the public – and simultaneously test public reactions to those ideas.

Pol.is separates respondents to the survey into groups, according to the answers they give – let's call them Group A and Group B. This initially has a polarising effect: it creates groups that are effectively as divergent as possible. Crucially, however, it also empowers us to identify what – if any – statements or opinions bridge that divide. If Group A and Group B are representations of divided tribes, then those statements on which they agree are bridges of empathy between them. A policy agenda built on those bridges of empathy has the best chance of bringing together a divided population, and identifying a policy that can stand the test of time.

C. Collaborative voting

Demos is currently developing a tool that will be useful in many forms of community decision making. It's called Combined Choice: a simple yet radical tool to create a

new kind of voting system. Normally, when you go into the voting booth, the ballot paper is already printed. You have to choose from the options before you. That's entirely reasonable when it comes to choosing an elected representative.

But around the world, we see that referendums on specific decisions can often go wrong. They go wrong when the proposition on the ballot paper is poorly expressed, and even those campaigning for it cannot agree on what it means: that is, after all, why we spent four and a half years arguing about what Brexit meant. But referendums also go wrong in places where they are extremely common. New propositions are put before the people that make sense individually but add up to the impossible: the state of California struggles to balance its budget because it is locked up in so many incompatible referendum-required tax cuts and budget allocations.

Combined Choice is designed as an alternative to referendums because it tackles both of these problems. It gives the voter themself the right of initiative – the opportunity to put forward their own proposals. And it requires people to put forward "whole system" solutions rather than individual demands that may command support separately, but don't make sense together.

We believe this could be a vital tool for community decision-making, whether on budgets, on place-shaping, or service design. We're piloting it with a community group in York called YoCo and will be reporting on the outcomes soon.

Active citizenship skills

Democratic institutions are often complex and elitist, with too many closed meetings and too much information hidden away from the public. But people can also be kept out of community and political decision-making by a shortage of time, money, confidence, digital skills and more. The rise of online campaigning, polarisation and information warfare has only made it harder for people to navigate our democracy and get involved.

Democratic campaigners tend to focus on the supply side of renewal: institutional and organisational reform. I want us to start to measure, and support, the demand side of democracy, too. It's not enough to say people have better things to do: democracy is hard work, and when we decide to outsource that work to representatives alone, it creates social harm. We have to support people to be able to take it on.

Nevertheless, it's clear that the skills we need to be successfully plugged in as citizens are changing. Digital literacy and the ability to untangle webs of misinformation now sit alongside the democratic basics like how to register to vote, and knowledge of rights like the right to protest or Freedom of Information. And more change is on the horizon: movements for deliberative and participatory democracy are growing in force and momentum, creating new opportunities for citizens but also demanding more in terms of capabilities and time.

To improve the health of our democracy, we need to understand it better. The citizen skill set is about so much more than remembering to vote: it's about mindset, confidence, ability to navigate information, trust, willingness to participate and more. If we want to enable people to be citizens in a democracy, instead of just angry consumers of it, we need to map that skill set and commit to improving it over time.

THE CIVIC NATION

A helicopter flies low over the landmarks of London until it comes to hover over a teeming stadium in the east of the City, packed with cheering and hopeful fans. James Bond peers from the window. A figure in a pink brocade dress and low-heeled court shoes, clutching a handbag, moves past him and leaps from the plane. A Union Jack parachute opens behind her. It is Her Majesty Queen Elizabeth II, descending from the heights into the opening ceremony of the 2012 Olympics.

Of course, it wasn't literally the Queen. A more experienced parachutist probably stood in for her in the stunt scene. And yet the simple idea of a parachuting monarch; the willingness of the holder of this anachronistic office to allow fun to be poked at her rather than hiding behind ancient dignities; the pairing with the equally puzzling national icon James Bond: all these things made me love her more, and feel more proud to be part of a country that had her at the top of it, in her odd, powerless and ceremonial role.

The whole opening ceremony of London 2012 was designed to inspire pride in Britain. Our national health service. Our 'green and pleasant land.' Our industrial, cultural, and literary heritage. I even managed a tiny tingle of pride for Mr Bean, though I can assure you the problem has never recurred. And the chair of the organising committee, Sebastian – now Lord – Coe, summed up the intended audience response: "I have never felt so proud to be British."

These feelings are extraordinary in their illogicality. I did not invent any machinery during the industrial revolution, found or even work in the NHS. I've read lots of British literature but written none. The only field in which I could win a sporting medal is in the consumption of chocolate

replica medals. I have done nothing to merit the pride I feel at the achievements of others who happen to have the same kind of passport I do. And yet, for all of its illogicality, a sense of national pride is one of the foundation stones of a demos: it's a binding narrative that helps us feel a common purpose with fellow citizens who – just as logically – have nothing in common with us, and no call on our generosity.

Most of the population is fond of our country, proud of our armed forces, pleased to see the flag flown, and inclusive in their definition of what it means to be British. Pride in Britain does not have to mean acceptance of a jingoistic narrative in which the nation has no faults, and our history has no shameful episodes. It can be pride in the Levellers and the Suffragettes; pride in the abolitionists who campaigned against the slave trade; pride in the founders of the welfare state and the NHS. And pride can be utterly compatible with ambition and determination to right the wrongs made by previous generations, or even our own. Reform is best driven by a vision of what Britain could and should be, which inevitably becomes a patriotic narrative of its own.

In this section I want to set out how we might build an inclusive and compelling national story that can rise above and, to a certain extent, referee culture war politics. I started with the Olympics because I think we got closest to it, then, but only in artistic endeavour. What should the state look like if it is to develop and propagate that story?

The sense of belonging cannot be confined exclusively to the nation, however, not least because we are a family of nations on the British Isles. So I will also look at how we might rebuild that sense of civic identity and belonging at different levels of governance.
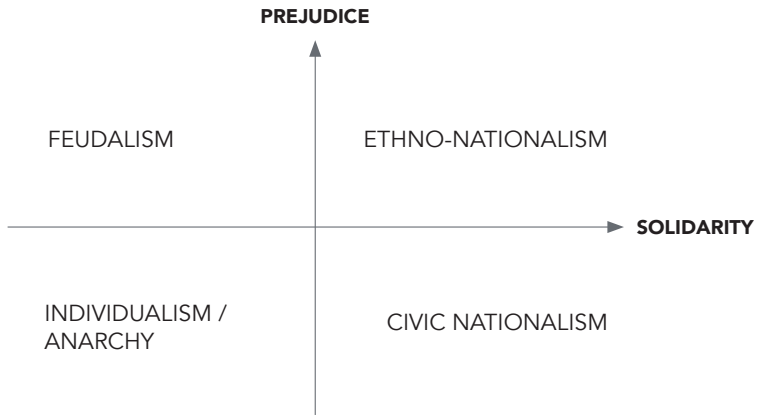
Civic not ethnic

We often use the two words nation and state together because they represent two sides of the same coin. The nation is the identity – the demos. The state is the government. Where a government maps well onto a shared identity, it has legitimacy. Where it does not, you get secession movements: within the United Kingdom we have a number, in the established nations of Scotland, Wales, and Northern Ireland, but also, less developed, in Cornwall, Yorkshire, and even London.

None of that means that our existing, particular set of nations or borders has any particular merit. The United States, China and Russia demonstrate that it is perfectly possible to build a national identity from a much larger population across a large demographic area. The existence of Basque or Cornish nationalism shows it is possible to retain a sense of nationhood without a state, and among only a relatively small group of people.

But what comes first? The sense of nationhood or the boundaries of the state? It's a chicken and egg puzzle and the answer is the same as always: they evolve together. A sense of shared identity boosts the efficacy and legitimacy of the state; the state can build nationhood: whether through the building of shared institutions and norms, patriotic ritual and display, or by controlling information or, too often, by starting wars.

How can we build a national identity that doesn't trample on diverse identities or suppress individuals' freedom, and yet still binds us in common endeavour? One of the reasons diverse communities can be sceptical about nationalism is because it has, so often, been predicated on prejudice. The easiest way to build a group identity is in opposition to an outside force, whether that's a foreign enemy or "outsiders" at home. The challenge for us now is to do something different: nation building that is not dependent on enemies and prejudice.

Plot feelings of solidarity towards the members of our group, and our feelings of prejudice against outsiders, and you get a graph like this:

PREJUDICE

FEUDALISM   ETHNO-NATIONALISM

                                                     SOLIDARITY

INDIVIDUALISM /   CIVIC NATIONALISM
ANARCHY

Our job is to stay in the bottom right quadrant: building a shared identity, but one that's open to all. Britain is a large country, with huge geographic, religious, and ethnic diversity. Any national identity must be predicated, first and foremost, on a civic rather than an ethnic basis. Self-determination is over, if self-determination means being governed only by people who are like you. We need to actively compete against ethnic nationalism of all kinds with a strong argument about what it means to be British, and to participate in British life.

Efforts to do this are often laughed out of court by liberals and cynics. Gordon Brown tried; David Cameron tried by including Fundamental British Values in the national curriculum, right down to the early years. These initiatives fall down for two reasons.

First, their critics are often right that they are dog whistle attempts to tell migrant communities to be more like 'us'. Fundamental British Values ended up linked with efforts to sniff out terrorism through the Prevent programme: essentially as a counter to a perceived risk of anti-democratic education by Islamic schools and community organisations. This is misguided. Integration is for both sides to work on: it is for both sides to move together, to build identity. Britain is changed by migration, and we should not resist that.

Second, these attempts are at best half-baked. It's a small initiative, one speech, or a cabinet sub-committee that meets twice. Recent initiatives by the government to label everything with the British flag are not bad because the flag is somehow offensive (it is not): they are bad because they do nothing to build relationships or identity around that flag. It's a virtue signal of the cheapest kind, when what we need is a period of serious, considered nation-building.

Nations are the only membership organisations that seem to make no effort to build relationships and loyalty with their members. Even the smallest community organisations think about engagement and participation: in politics we always called it a "ladder of engagement", as you tried to slowly convince someone who'd signed a petition you organised to join your mailing list, then make a small donation, then maybe deliver leaflets or join the party. Nations have the force of law behind them to make us do what we're told, so they don't bother. But this like-it-or-lump-it approach to relationships between citizens and the state is not enough, in a world with endless and eternal competition for the claims of identity and loyalty. Instead of instructing people to feel British, we should ask the question: what might make them want to?

Service nation

At the heart of renewed, civic nationalism must be a shared set of rights and shared responsibilities. The contributions we make to the life of the nation matter in the storytelling of our lives about the legitimacy of the support we get from one another. "I've paid my dues," "I've paid my stamps," "I pay my taxes": people endlessly use these kinds of statements to explain why people should be entitled to particular forms of support from the state. These transactional statements are a middle ground: we should welcome the fact that they are far from a narrative about entitlement linked to birthright which can be prevalent in some other countries. However there are two problems:

• The first is that they can be used as othering strategies for anyone who has not or cannot contribute financially. This is partly a temporal issue: we charge migrant workers extra to use our NHS even though they are here, while they are here, paying our taxes. We have tolerated a narrative about "have paid" being more important than "are paying", which I think has developed in association with the ongoing mythology about our National Insurance system which builds up pension entitlements over time. But focusing on tax-paying is an issue for anyone too unwell to work, anyone with caring responsibilities that prevent them from working, anyone earning too little to pay tax: it makes it too easy to complain that these groups are getting something for nothing – the benefits of state services without contributing.

• The second problem is that the taxpaying narrative of contribution is entirely financial. This is not surprising, given that cash is almost all the state asks of us as citizens: that and a jury service obligation that may come around once in a lifetime.

There is a relatively simple way to resolve this problem, and build a new narrative about the responsibilities of citizenship, or civic life: the state needs to ask us for our time, not just our money. We should build service obligations into our public service entitlements, tax and benefit system, and they must be for everyone. We already have a series of non-financial requirements on people we class as outsiders, like the citizenship test for new migrants and close supervision of people claiming unemployment benefits, and these have an important role to play. But we need to build up non-financial contributions from everyone if we are to build a shared narrative of shared entitlements.

In the past, young men were required to participate in National Service in the military for two years; some other countries still have similar obligations. It is no longer necessary or appropriate to focus on military service as the core obligation of citizenship. Instead we should be focusing on wider social action, peer-to-peer contributions to public services, and democratic contributions like the ones I outlined above: people should expect to be regularly called to sit on a citizen's jury or community forum for local planning or budget decisions.

Service should be the new way of earning your "stamps", as a participant in the life of the nation. Volunteering, teaching after school clubs, participating in expert patient groups to support people with health conditions, mentoring young people, helping job seekers or new migrants with skills: there should be countless opportunities to qualify. But without those stamps, entitlements like your personal tax allowance or funding for training or university should be removed. We should aim for any sanction to be rare, with exemptions of course for those unable to participate due to disability or ill health: the goal is to identify a contribution that everyone, no matter their resources, can make. No one should be able to accuse any other member of our society of not being deserving.

We need a new story about what it means to be British, and this is the one we should choose: we help each other, across boundaries of class, race and religion. The state belongs to us, and we are all a part of it, not just as taxpayers but as citizens. The introduction of service obligations for UK citizens has the potential to tackle some of our most pressing social problems: they help to create collaborative and relational public services in health and social care, build more integrated communities, and enable people to develop capabilities, skills and a robust concern for civic activism and helping others in society.

Some will argue that it is illiberal to require people to do things; some with a libertarian bent might argue that requiring people to do unpaid work is a form of slavery. We somehow baulk at asking people to give time, but the idea that everyone should pay their taxes is commonplace. We need to challenge that assumption: I would argue that it is more liberal to require people to give time than it is to give money, when so many have so little money to spare. The fundamental principle is the same: we share a society, and our individual freedom is predicated on the success of that society. Without a renewed sense of civic responsibility, and intra-national relationships, our freedom risks being jeopardised. We are part of the problem: we have to be part of the solution.

Future of the welfare state

The welfare state is an expression of solidarity between individuals in a society. It is far more than a zero-sum game where money taken from one citizen is given to another, of course. By enabling us to work together to pool risk, it enables us to take greater risks both as individuals and in the economy as a whole. It enables support to be given to those who lose their job or experience poor health, so that they make it back into the labour market and contribute

once again as taxpayers. It enables financial support to be given to children, improving their outcomes and the economy of the future. It enables people to maintain a good standard of living, and continue to contribute to the economy, in their later years.

And yet, welfare systems only work where the people paying for them, at any particular moment, feel it is fair and just to be paying out to others in need. It requires continual effort to build the relationships that support that feeling of solidarity, especially in increasingly diverse communities. We need to establish and maintain a process of consent building both for the system of social support as a whole, and for individual entitlements within that system. With increasing age, increasing need, and increasing risk for individuals we are asking more and more of taxpayers. If we are to sustain that – which the evidence suggests is the best outcome for everyone – it needs to be on the basis of proactively building shared identities and mutual compassion. You cannot impose solidarity upon free citizens in a liberal democracy. We need to work for it.

Our welfare state is currently too expensive to command public trust, and too restrictive to alleviate all but the direst need. It needs reform, but those reforms should not be decided by experts but by the people who will be expected to pay for it, and the people who will depend on it. Only then can we expect citizens to feel the sense of mutual ownership that builds legitimacy and a willingness for reform.

Integrating public services

In the previous section, on everyday democracy, I've set out how to systematically involve people in decision-making about public services. This will help build greater levels of community and relationships between citizens of all kinds. We need to make sure those services are inclusive.

Public services are a vital meeting point between people of different backgrounds, and are an essential component for the rebuilding of inclusive experience. A chance encounter in a GP waiting room does not build common identity, but shared participation in a peer-led patient group of experts by experience, or in priority setting discussions about community health services, can. However, we have too much segregation in our public services, and it is vital that this ends. We need to raise the bar to justify segregation much higher.

This is difficult. There are good arguments for the self-organising especially of minority communities who might otherwise find their interests and needs lost in a bigger system. For generations, Britain has permitted faith-based education for communities of faith to bring up their children in line with their own religious rules. However, I have become convinced that we can no longer carry the social cost of segregated education: it is a missed opportunity for building common experience, and common interest between our diverse peoples – not just the children, but the parents, too.

Schools are our best assets in the effort to build a more connected society. In too many communities poor children go to one school and middle class kids another. Addressing this requires radical reform of admissions procedure; for example much wider use of lottery schemes as utilised in Brighton. Faith of all kinds deserves a vital, special place in our diverse society. But it cannot be allowed to segregate our children and their parents. It's time to end faith-based admissions for state schools, and balance this with a programme of state-funded after-school and holiday clubs for faith communities. The main curriculum should be taught in integrated schools and faith communities supported to provide faith-based education elsewhere.

We should give all our public services a new mandate – to be at the heart of community building and integration, shaping a shared British experience where all are valued and empowered, and where relationships are forged and strengthened between individuals and communities. I've already mentioned the Community Paradigm as a model for democratic empowerment to deliver service improvements. But the Community Paradigm is also a shot in the arm for the relationships that, collectively, add up to social capital.

A relationships mandate for our public services would have profound implications. It would mean job centres working to forge networks of current and former job seekers, skills volunteers, and employers. Job Clubs would become a formal entitlement, so those who lose work don't lose social connection just as they lose their income. Job seekers would be permitted, and even encouraged, to bring their family or supportive friends to group sessions with their work coach, to help map out a way to leverage their network to find work, meet caring obligations, or overcome obstacles to success.

A relationships mandate would mean health services actively establishing and encouraging peer to peer patient networks, in collaboration with the voluntary sector. It would mean hospitals building communities of their patients and supporters. It would mean schools actively supporting parent-to-parent networking and mutual support. It would mean opening school facilities for community activities. It would mean multi-generational living, community facilities and better street design to let children play safely with their neighbours.

Public services and the welfare state too often treat people as atomised individuals, without recognising that most people are part of families and communities – and strengthening those relationships usually leads to

better outcomes for all. This isn't illiberal: liberals believe in an individual's right to self-actualisation, but also acknowledges that for most people, our pathway to self-actualisation is through forming relationships with other people. The more we shift our public services to engage with people as they really are – hubs of complex networks of friends and family – the more those services will be able to help people.

Pride of Place

For some people, the leap to full identification with a national identity can be difficult, especially when that nation has a complex history. We need to build solidarity at the sub-national level, too, building up connection, pride, and layers of identity that can contribute to the rebuilding of an effective, legitimate state.

Levelling up left-behind places – especially towns – is now core to the government's agenda. But the experience in those left-behind places hasn't just been about economic decline, it's been about the loss of civic pride and identity, too. Efforts to level up should look beyond just economic activity and think about the mechanisms of pride and shared identity, too – especially in areas where demographic change is happening.

From pubs to physical retail, from cinemas to public space: technology is disrupting old economic models by offering an alternative that requires no travel. In many parts of the country, the critical mass is no longer there to sustain successful town centres, pubs or cultural and community spaces. This comes on top of the steady retreat of the state from civic spaces outside of cities – the regionalisation of police stations and tax offices; the closure of magistrates' courts and small hospitals – all of which have conspired to make it feel like these left behind places no longer matter.

It is time to reimagine our tax, planning, and public service frameworks to focus on the value of shared spaces – whether privately, publicly or community-owned – where people can build common experiences and maintain the vital, vibrant human interactions that are so essential to our wellbeing and to developing the relationships between people of different groups and identities.

At the top of the agenda for geographic change should be improved access to green space, in particular for those communities who have the least. Parks, playgrounds, community gardens and public squares are pivotal to the quality of life in Britain today. These kinds of shared amenity space are places of common experience for communities, and getting them right is an important part of rebuilding a national 'demos', or collective sense of identity and purpose. As Demos pamphlet "The Freedom of the City" argued in 1996:

> *"The best parks in Britain … can accommodate almost everybody from early morning joggers and dog-walkers, to football, tennis and bowls players, children seeking playground equipment, school games classes, people wanting peace and quiet in which to be on their own, elderly people out for an afternoon stroll, courting couples, teenagers socialising after school, family picnics in the summer, as well as formally organised events such as dog shows, circuses, pop festivals and political demonstrations"*

Shared, public and green spaces can improve wellbeing, health and community cohesion. Reclaiming land and streetspace for community-run parks, in particular, could help build social capital and community connection, and most importantly, civic pride.

Citizen capitalism

During the 2016 Presidential election debate, Hillary Clinton mocked her opponent Donald Trump for always complaining that, when he lost, it was because the system was rigged against him. The clip went viral on the left, as if it were a slam dunk attack. What a joker Trump is, everyone thought, never willing to notice that he fails because he's awful. What a paranoid narcissist, blaming the system instead of himself.

The clip was the first time I really worried about Trump winning. To me it seemed like an extraordinary bridge of empathy between Trump and millions of pissed off, disenfranchised people who absolutely believed that the system was rigged against them. In fact, it's the explicit narrative that many on the left use to build support for systemic reforms like anti-racism, feminism, or anti-capitalism. Poor people, women, black people: they are shut out of opportunity because the system is rigged against them. Trump's emotional story may not have resonated with them, but it resonated with his supporters for exactly the same reason the left's narratives work with theirs.

It is easy to argue that Trump was not, in fact, held back by unfair rules, but by the normal systems of justice and law making. It is as easy to argue that millions of people who voted for him were not held back by the system, either. For every unemployed blue collar worker with a family to feed who voted for Trump, there were plenty of successful, well-heeled voters who had little to complain about.

I don't think it matters. Across the political spectrum there are people who feel the economy doesn't work for them, either because of their race, their class, their place, or their education. Shouting at them, or sending them graphs to prove they're better off than many others doesn't persuade them that they are wrong. Declaring that "facts

don't care about your feelings" will not persuade people that the economy is delivering for them.

This is, I believe, the final condition for a cohesive society: a sense of economic justice. After all, how can anyone invest in the system if the system doesn't seem to care about them?

Here I'm going to set out a number of ideas under the banner of Citizen Capitalism, that would together give people more of a stake, more power, more agency, and more control over their relationship with the economy. Together these will both improve the measurable economic outcomes for groups that have been left behind, and address the feelings of resentment and disengagement that worsen the political impacts.

I am not just focused here on people's experiences as workers. Less than half the population is working at any one time. Instead I want to look at people's full experiences as economic citizens: in the consumer and investor markets as well as the labour market.

Workers

In a secular society, work plays a vital role in giving us meaning and identity. Academics have shown that employment provides social identity and status, improving self-esteem and contributing to an individual's wellbeing.[1] At a time when Britain is still too divided, work – something which is viewed positively across society – knits us together in a common endeavour. As Sigmund Freud put it, work offers "a secure place in a portion of human

1   Dodu N. 2005. Is employment good for wellbeing? A literature review. *Journal of Occupational Psychology, Employment and Disability* 7: 17-33.

reality, in the human community".[2] In particular, work plays a vital role in generating social connection across a range of dimensions:

> "*In fact, work provides a whole network of connections between the individual and society: the formal connections of law and contract; the personal and collaborative connections with those one interacts with at work; the associative and communal connections that are often generated by work; the material and reputational connections which define rank and status; and the connections which define work–life balances and imbalances.*"[3]

This is perhaps one of the reasons why a majority say they would enjoy having a job even if they didn't need the money – and this proportion has increased over time. Indeed, twice as many people strongly agree in 2015 compared to 1989 that they would enjoy having employment even if their financial circumstances did not require it. And differences in attitudes are relatively small across the income distribution, with graduates and those in professional occupations only slightly more likely to say they would work even if they didn't need the income. However, those in routine or semi-routine occupations are more likely to agree that a job is just about the money than those in professional occupations.[4]

It is vital that we make work work for everyone.

2   Freud, S. 1930. *Civilization and its discontents,* translated and edited by J. Strachey (New York, NY, W.W. Norton).
3   Global Commission on the Future of Work. Issue Brief Cluster 1: The role of work for individuals and society. International Labour Organization, 2018, p. 1. Available at www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_618163.pdf [accessed 30/11/2021]
4   Mackay, S. and Simpson, I. British Social Attitudes 33: Work. NatCen Social Research, 2016. Available at www.bsa.natcen.ac.uk/media/39061/bsa33_work.pdf [accessed 30/11/2021]

Identity workplaces

I spent much of my childhood in Wales, and it was standard every year for the school children to visit Big Pit, a former deep coal mine in Monmouthshire that had been converted to a visitor attraction. We got to travel in the lift down the coal shaft, have a look at some of the deep tunnels, and learn about life as a miner. There were pictures everywhere of teams of men covered in coal dust, and looking generally knackered. Perhaps it was only the sensibilities of a twelve year old girl but there was nothing about the coal mining life that appealed to me. Dirt, long days, heavy lifting, no daylight, physical exhaustion and the endless risk of injury. I filed the idea of mining in the same mental space as stories they told us of children losing their fingers in Victorian weaving mills: gone and best forgotten.

What I failed to understand was how much nostalgia there was then, and still is today, in coal mining communities, for pit life. Communities that now feel angry about jobs in warehouses and call centres are nostalgic for a way of life that was far more brutal and dangerous. It's vital to understand why.

It's partly about pay, of course. For many, a single wage from the pit was enough to support a family. We'll look at pay, the cost of housing and the benefits system in a moment. But it's also about a sense of identity and a relationship with the employer that is nowhere near as difficult to recreate as a return to heavy manufacturing. The value that comes from worker self-organisation is far greater than simply power in negotiations with employers. Working men's clubs offered a community, too, and a sense of belonging. In focus groups for Demos, we've heard people reminisce about the days when surplus coal would be dumped at the end of the street for the workers and their families. The employer, the jobs and the community were connected, for better or worse.

Warehouse operators, by contrast, often bus workers into the warehouse from relatively distant homes. They are criticised for the physical challenges associated with warehouse work, but the risks are nothing in comparison to the risks faced down a mine. The physical aspect of the work can be an asset, so long as it's associated with pride, and honour.

The question for 21st century employers who don't want to be hated is how we recreate the sense of pride, community and identity around the workplaces of today. That doesn't mean a show and tell by a few paid influencers on social media about how they love their job. It's about a relationship with a place that goes beyond demanding a tax cut for putting your warehouse there. What are the nurseries you will found for your employees? What are the clubs and community teams you'll support? How will you help a town to feel that you are part of their identity? How will you help your people to organise and find purpose, meaning and status in the work they do for you? Even simple things like letting your teams take breaks at the same time, so they can chat, make a difference.

All these things, at face value, look like costs for employers. But if employers build long term relationships between workers and their employer, they can reduce recruitment and training costs and reduce community resentment.

Employment models

Most people who work are employees, and these days people actually tend to stay longer in one job than people did in the past. A lot of hysteria is whipped up about the collapse of employment models, as if everyone has been turfed out of a long term, well-paid job with a pension and been put on a zero-hours minimum wage contract. That just isn't true.

Nevertheless, there is a steady rise in the number of people who are self-employed, agency workers, contractors or working in the gig economy. Defined benefit pensions, which guarantee a particular income in retirement, have almost died out completely. UK employees are expected to bear far more of the risk of ill health than their counterparts in Europe, with extremely low sick pay rates.

It's important to recognise that many self-employed people, and many on zero hours or flexible hours contracts, have chosen to work in this way because it suits them. It gives them more control and agency over the way they work. The challenge is to make sure that as many people as possible have this level of control over their working lives.

We should expand flexible working, taking advantage of the lessons learned during the Covid-19 pandemic about the potential for people to contribute better if they control where, and what hours, they work. The Civil Service and public sector could lead the way on using remote working to support the levelling up agenda, with a drive to increase remote working opportunities in areas where there are a lack of labour market opportunities.

We need to increase the minimum wage for people who are taking on the additional risks of being workers, instead of employees, and establish a minimum wage for people who are technically self-employed but find work via agencies or gig economy platforms.

Older workers

Some of the biggest divisions in our society are now between old and young. While we've seen extraordinary intergenerational solidarity during the pandemic, there is political tension between the generations, in particular in relation to assets and social values.

The political tactic of buying off older voters has become unsustainable: it is impossibly expensive as the population ages, and for the first time, politically toxic among the under-40s. Instead we need to work to find policies that unite the interests of young and old. But it is no surprise that younger people often resent older generations when most political discourse is about how expensive it is going to be to support the boomers in their retirement.

There is an opportunity here for us to reset the narrative about retirement, and recalibrate the conversation about work. Those who choose to continue working past conventional retirement age usually do so because they value the independence and the purpose work gives them, and they are able to adapt their working lives to their changing physical capabilities. Those who oppose increases in the retirement age accuse governments of asking us to "work until we drop". But if work didn't make so many of us "drop" with exhaustion at the end of the week, let alone at the end of our lives, perhaps more people would keep working for longer, reducing the intergenerational burden.

With new approaches to building the quality and flexibility of jobs, encouraging more people to work part-time throughout, or for protracted parts of, their working lives, we could move away from the concept of retirement altogether. With flexibility the norm in our working patterns, it would be far easier for people in their 60s and 70s to take a decade or two to slowly reduce their working hours and move towards retirement. Pensions, too, could be more adaptable, with stronger incentives to keep working as part of your post-60 package of income.

Technology is often seen as a barrier to labour market participation by the older generations. But it also offers enormous opportunities. Remote working makes it easier for those who are not able to commute long distances to

stay connected. Adaptive software and hardware make it easier for those with hearing or visual impairments to participate.

This is not an attempt to devalue the ways in which people who do not work, at any age, contribute to society. It is a proposal to try to spread our working lives a little more thinly across our lives; if we work less in our thirties and forties, and a little more in our seventies, we may find the generational story about who is paying for whose lifestyle starts to break down.

Employment support

The economic shock of the financial crisis of 2007/8 was huge, but across much of Europe the recovery was at least jobs rich. Productivity and wages stagnated in far too many places, but the personal and national costs of unemployment remained surprisingly low. But the fast-changing landscape of our labour market means we cannot assume this will remain the case. Technology, and the shift to a lower carbon economy, over the next 30 years could radically reshape the world of work, could mean some places' industries are lost, and even that less work is available overall in the economy.

This has the potential to be profoundly disempowering for millions of people. We've got used to low unemployment, in which the vast majority of people out of work for long periods of time are in that situation because of complicating factors like health conditions, caring responsibilities, or very low skills. We may be facing a future with large-scale unemployment, where there's almost nothing many people can do to find decent work.

This means we need to rethink the support the state provides to help people find work, train for work, and get on in life.

Into work: We need to adapt public employment services to actually be employment services rather than just benefit agencies. Responsibility for job seekers should be transferred to the business department, which has responsibility for jobs, skills and training: DWP can tell people to get a job, and make life difficult for them if they don't, but it can do little to actually help them. Instead, the business department should be responsible for helping to create work for all the people who need it.

Progression: Dead end jobs are deeply disempowering. Under Universal Credit, the state saves about 65p for every extra pound someone earns themselves, so there ought to be a major incentive for the state to support people to get on in life. We've never been able to make it work. Instead, if you turn up tomorrow at the JobCentre and ask for help getting a promotion, a pay rise, or a better job, they will literally turn you away. This is all very well for the kind of people who work in policy circles, who know how to ask for these things. But the poorer you are, statistically, the worse your social network in terms of sourcing that advice. It's vital that you have somewhere to turn to: we need to build progression advice into the offer of employment support.

Skills and education: Skills and education will be a vital part of renewed stakeholder capitalism. Too often, debates about the future of skills are focused on schools and children; instead we need to build up the idea of learning as a lifelong right. The state will need to adapt to help more people to smooth the costs of potentially lengthy periods of training and development. Digital skills investment should be a top priority for people at every stage of life. Increasingly, digital inclusion will be an essential component of being able to participate in civic and economic life. We cannot afford to leave anyone behind.

Consumers

Growing personalisation in the economy offers real benefits to consumers. However, there are growing tensions and difficulties about the impacts of algorithmic decision making, especially in pricing or eligibility; peer to peer consumer activities, even when facilitated by a platform, can be harder to regulate; the digital divide is getting more and more expensive for those outside the digital economy; consumer rights remain complex and hard to enforce; and all of this adds up to consumer experiences that can feel alienating and disempowering.

Personalising personalisation

We often tell ourselves that personalisation and innovation always benefit consumers but they don't. Before I ran Demos, I ran a charity that worked to break the link between financial difficulties and mental health problems. We worked really closely with consumers to identify what kinds of products and services would help them improve their money management. They identified all sorts of ideas: some consumers told us they'd like to put a cap on how much they could spend online, or in a single day; they wanted a voluntary lower limit for contactless transactions; they wanted a friend or family member to be notified if they spent too much or missed bill payments; they wanted a second bank card for a carer, but with a lower spending limit; they wanted to be able to freeze their credit so they couldn't take out a big loan in a mental health crisis.

None of these were available. Of course, no-one can expect every product or service they want to be built in a marketplace, but these were potentially large customer segments arguing for products that would transform their financial health.

Meanwhile, in the world of financial technology, everyone was focused on reducing friction in transactions –

making it quicker and easier to spend money, even disintermediating some financial institutions so payments could get through the system almost instantaneously. The fact that some consumers wanted more friction – more restrictions, to protect them from scams or their own overspending – was against the trend. The retailers and the financial services companies were focused on innovating to improve their margins, not improve financial wellbeing.

Something similar is going on in social media, where our advertising feeds are now personalised. But they are personalised not to our conscious specifications. They are personalised to what an advertising company wants to know about us. Often, personalised advertising is enormously useful at helping connect a consumer with a product or service they wouldn't have known about. But what if I want to personalise my adverts to help me quit gambling? Can I block gambling adverts? No. Can I tell Facebook or Twitter I'm on a diet and don't want to see any food adverts? No. Can I tell them I've got insomnia, and I can be pretty depressed if I'm awake at night, so can they block adverts between midnight and six? No.

Social media companies' clients are people who buy advertising, so unsurprisingly, their primary investments go into building personalisations that work for the advertisers. Millions are going into tracking that will stop you seeing an advert for a tap once you've bought it. But it will be years before anyone builds a really effective way of blocking gambling ads for addicts. Consumer needs are at the back of the queue.

Unless we're going to force social media to charge consumers, the only way to deal with this is through regulation: requiring companies to give priority to consumer requests for personalisation capability. Instead of the system guessing what your personalised needs are,

it should allow you to control how things are personalised.

Poverty premium

Poor people often pay more for consumer services – especially financial services – than rich people do, and this doesn't just cost them money. It generates a sense of economic injustice that we need to address. Poorer people are constantly aware of this poverty penalty: they may have to travel on public transport to shops and be unable to take advantage of bulk buys; they may be digitally excluded and unable to get online discounts; they may be priced out of insurance because they live in high cost areas. Many markets cross-subsidise the most active consumers, who can be encouraged to switch, with profits from the vulnerable, who usually don't. The danger is that in the future algorithmic pricing systems, powered by big data, may make this worse for some people.

Utilities are regulated differently from other consumer products and services because we recognise that they are essential components of a decent standard of living. Water cannot be cut off, no matter your arrears. Vulnerable consumers cannot have their heating or electricity cut off, either. Special discounts and subsidies are used to try to reduce the price of these essentials for those who need them. There is also the concept of a Universal Service Obligation: every home has the right to a postal delivery, a phone connection and, with limits including on the cost, a "decent" broadband connection.

These regulatory systems help to keep people included in the essentials of the consumer economy. But they do not go far enough. The basic infrastructure of the economy has to be available on visibly fair terms to all.

Digital and financial inclusion are essential components of a decent standard of living today, so we should extend

the Universal Service Obligation to bank accounts, digital hardware and broadband and consult on further options. This will be designed as an explicit subsidy from richer consumers to the poorest, facilitated by private companies: the exact reverse of the way so many markets work at the moment.

Housing

Housing policy was my first love. I started as a purist liberal, determined to break up the planning system and let demand be met by supply, so we could stop prices from rising. My spirit was broken by nimbys and by housebuilders happy to explicitly hold the government to ransom for subsidies. I've stopped caring very much about whether we choose the right housing system and started simply praying for us to come to an agreement about a coherent one.

The political failures of housing policy are worth an entire book of their own, probably in several volumes. But rather than complaining about them, I want to think about the signal politicians are responding to when they come up with their endless new ways to inflate prices by subsidising buyers. It's that everyone wants a decent home at a price they can afford. In Maslow's hierarchy of needs, shelter is right there at the bottom, with the basics and essentials. Our housing system is one in which an increasing number of people experience profound alienation and injustice: tenants who have unresponsive landlords who fail to deal with repairs; aspiring social tenants who see other people get assigned a new home before them; social tenants who see others get a Right to Buy windfall they can't get themselves; aspiring homeowners who see a previous generation get away with huge untaxed gains while they struggle to buy somewhere of their own; stretched homeowners who know their parents could have bought the same place at less than half the price.

These injustices create fundamental social tensions that will have profound implications if we do not find a way to resolve them.

When economist Kate Barker wrote a report for the Brown government on the housing market she concluded that we had a choice: find a way to slow house price inflation, or accept that we have to pay substantially more to subsidise poor people into decent homes through housing benefit or social housebuilding. Instead, we allowed house price inflation to continue and cut the investment in housing benefit and social housebuilding. The housing crisis is only getting worse.

My preference would be to set a clear goal to stop house prices from rising for about the next 30 years. We should do whatever it takes to keep them static in cash terms (which will obviously include building and land reform but probably requires us to insulate the housing market from the vagaries of international finance, too. A clear government mission would help change the investor landscape and help smooth the way for land reform, by changing the incentives for land owners and builders alike.

But, as I've set out, the post-heroic model accepts that my personal preference is less important than finding a coherent consensus across the generations. How do we find an exit path from our addiction to high house prices that doesn't destroy housebuilding or decimate retirement plans? We need to hold a national deliberation, across the nation and between the parties, to agree how to resolve this impossible dilemma.

There will never be a widespread sense of true economic justice until everyone has access to decent housing at a price they can afford.

Investors

Workers' share of income has significantly declined across the developed world since the 1980s, while returns to capital have increased. There's a strong case for efforts to redress that balance, but it won't be easy. We also need to increase the number of workers and citizens more broadly getting access to that return on capital, and ideally as active decision-makers, not just passive shareholders in a pension fund they think about once a year. I want people to experience the sense of agency that comes from participating in the economy as part-owner of companies and investments. While the state does much to boost the incomes of those out of work or in receipt of other benefits, it does relatively little to boost the public's assets or increase their agency and control over those they do have: that needs to change.

Employee share ownership

Demos has been championing the expansion of employee share ownership for decades, as the case for it has got stronger and stronger. As Charlie Leadbetter argued at the end of the last century, in "A Piece of the Action", the traditional case for employee ownership was always that it could act as an antidote for the divisive, low-trust, 'them and us' culture of industrial capitalism: it helps align the interests of workers, shareholders and managers to create the basis for a more cooperative, productive and flexible company. Reviews of studies into the effects of employee ownership on corporate performance shows that corporate performance can be transformed when employee ownership is combined with an open, participatory management style.

But as the economy evolves, employee ownership models become ever more important. In an increasing proportion of businesses knowledge, creativity and ideas are the most powerful and distinctive assets. Knowledge belongs to people, who cannot be owned, and therefore companies often will not own their most important assets. The most

effective bridge between ownership of a company's financial assets and its real knowledge assets will be through employee ownership.

This also transforms the experience of the worker, from that of a subordinate to that of a co-owner and – if they move on from the company – an investor in their own economic past.

Equity pay schemes, in which a significant proportion of total compensation is in the form of shares, share options or share purchase rights, should become more popular, especially among young, skilled knowledge workers. This will help to promote entrepreneurial, stakeholding companies which are built on a set of relationships between the company, its employees, suppliers and partners. A substantial increase in employee ownership, through individualised savings plans, will also help to combine security and flexibility for employees and companies.

Pension choice

Many of us hold investments through our pension, and for millions these are the only form of share capital they own. However, few take active choices about how that money is invested. This is a huge missed opportunity for citizens to experience some measure of power and control in the economy. Make My Money Matter research suggests that shifting your pension to a greener set of investments is 21 times more powerful than any other choice a consumer can make to reduce their carbon emissions. Demos has built a website, Is It Green, that enables people to compare the environmental performance of their pension fund against the rest of the market, and make a switch to a greener fund if they choose.

We need to work closely with pension providers and employers to build far more choice and decision-making

into the pension process. That doesn't just have the power to shift billions of pounds towards green investment: it also embeds the experience of economic power among those making the choice.

Transition bonds

We need to raise huge amounts of capital to invest in the transition to a greener economy. Research has shown that people who have direct investments in businesses associated with their political rivals or enemies are more likely to depolarise. In Israel, researchers conducted a study they called "from swords to bank shares"; they found that Israelis who were given investments in Palestinian businesses developed an increasingly positive view of the importance of economic development in the occupied territories.

If we can get the public directly invested in the green transition – and divested of stocks in carbon intensive industries – that is likely to have a direct impact on people's support for the policies we need to implement.

We are pleased to see the government introduce consumer-facing bonds as an investment product for the Green Investment Bank. We would encourage them to go further and build an offer to all citizens to invest in the transition. The pandemic has left a legacy of billions of pounds' worth of savings in the bank accounts of millions of better-off citizens: it's an enormous opportunity to leverage not just cash but citizen support for the transition.

Asset based welfare

While the state does much to boost the incomes of those out of work or in receipt of other benefits, it does relatively little to boost the public's assets. This recognition led the last Labour government to introduce the Child Trust

Fund, a long-term savings scheme with a £250 voucher for eligible children, and has led to calls for Universal Basic Capital – an idea from Julian Le Grand to offer a lump sum to every young adult – and Universal Inheritance – a similar proposal from the Resolution Foundation.

We know that inheritance is becoming a greater proportion of lifetime income. We know that assets offer vital resilience to economic shocks, and enable people to spend time training, caring, or recovering from illness. So we can no longer accept an environment where asset inequality is so profound. We need to urgently identify ways to boost the assets and savings of those on lower incomes, and ensure inheritance gaps do not widen inequality over the coming decades.

CONCLUSION

One of my favourite children's books, which I've read countless times with my three, is called Vote for Duck. Written by Doreen Cronin and illustrated by Betsy Lewin, it starts with an election on a farm, where Duck defeats the incumbent farmer. It follows Duck's political career all the way through President of the United States to retired auto-biographer. It has a refrain at each stage of his career: "Running a farm is very hard work." "Running a state is very hard work." "Running a country is very hard work." I sometimes think forgetting this simple truth is at the heart of our problems.

I started this series with an analysis of what makes democracy work; questions I believe we need to ask ourselves, and forgot to for a generation because we thought it happened automatically. We imagined that the

moral case for democracy was enough to make it work – to make it easy. But running a country is very hard work. Building a society is very hard work; and increasingly hard given the divergence of interests and identities I set out in the second paper.

In the third paper, I wrote about the policy making model implicit in a representative democracy, which assumes it's safe for citizens to outsource all their thinking to the professionals. It isn't. Running a country is very hard work, and it's work we need to get involved in together.

When I look at politics today, I despair. Petty arguments; bombastic pronouncements; partisan bickering; and so often a short term mindset that struggles even to look forward to the next election, let alone the next generation. There seems to be a fundamental belief that everything needs to be a fight, that all policy issues are best dealt with by stoking up the heat, and finding the best way to stick it to the other party.

People go into politics because they want to be heroes. It's the hardest ambition to let go of. It's no wonder that, when the problems of governing get tough, they get their hero-fix from the political victories and the point-scoring. They are addictive for anyone with the personality type that takes you into front line politics. So I'm under no illusions about how difficult it will be to alter the defaults of our political system, and ask our leaders and experts to be the humble servants of decision-making.

They must. That Too Difficult Box is full, and we are running out of time to resolve the challenges I set out earlier in this series. This is a game of pass the parcel in which the parcel is a democratic time bomb: do you want to be the one holding it when the music stops?

Imagine we, as a nation, came to long term sustainable solutions to climate change, social care, house prices, and technology regulation. Would there really be no politics left? Of course not. There will always be ways to win elections. We can make politics out of statues, bollards and bins. We can make politics out of yachts, wallpaper and bacon sandwiches. There is nothing to lose from fixing problems, if you can bring the country with you as you do so. All you need to do is let go of your heroic assumption that the solution will come from your side of the aisle, or from Westminster at all.

As Harry Truman is supposed to have said: It is amazing what you can accomplish if you do not care who gets the credit.

We need to usher in a new era of collaborative democracy, in which our problems are solved in ways which develop citizens' and society's ability to handle them. After all, democracy cannot be relied upon to defend itself. Its champions must adapt to an age of transformation. Only a gravitational state can bring us back together.

Licence to publish

Demos – Licence to Publish
The work (as defined below) is provided under the terms of this licence ('licence'). The work is protected by copyright and/or other applicable law. Any use of the work other than as authorized under this licence is prohibited. By exercising any rights to the work provided here, you accept and agree to be bound by the terms of this licence. Demos grants you the rights contained here in consideration of your acceptance of such terms and conditions.

1 Definitions
a 'Collective Work' means a work, such as a periodical issue, anthology or encyclopedia, in which the Work in its entirety in unmodified form, along with a number of other contributions, constituting separate and independent works in themselves, are assembled into a collective whole. A work that constitutes a Collective Work will not be considered a Derivative Work (as defined below) for the purposes of this Licence.
b 'Derivative Work' means a work based upon the Work or upon the Work and other pre-existing works, such as a musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which the Work may be recast, transformed, or adapted, except that a work that constitutes a Collective Work or a translation from English into another language will not be considered a Derivative Work for the purpose of this Licence.
c 'Licensor' means the individual or entity that offers the Work under the terms of this Licence.
d 'Original Author' means the individual or entity who created the Work.
e 'Work' means the copyrightable work of authorship offered under the terms of this Licence.
f 'You' means an individual or entity exercising rights under this Licence who has not previously violated the terms of this Licence with respect to the Work, or who has received express permission from Demos to exercise rights under this Licence despite a previous violation.

2 Fair Use Rights
Nothing in this licence is intended to reduce, limit, or restrict any rights arising from fair use, first sale or other limitations on the exclusive rights of the copyright owner under copyright law
or other applicable laws.

3 Licence Grant
Subject to the terms and conditions of this Licence, Licensor hereby grants You a worldwide, royalty-free, non-exclusive, perpetual (for the duration of the applicable copyright) licence to exercise the rights in the Work as stated below:
a to reproduce the Work, to incorporate the Work into one or more Collective Works, and to reproduce the Work as incorporated in the Collective Works;
b to distribute copies or phono-records of, display publicly, perform publicly, and perform publicly by means of a digital audio transmission the Work including as incorporated in Collective Works; The above rights may be exercised in all media and formats whether now known or hereafter devised. The above rights include the right to make such modifications as are technically necessary to exercise the rights in other media and formats. All rights not expressly granted by Licensor are hereby reserved.

4 Restrictions
The licence granted in Section 3 above is expressly made subject to and limited by the following restrictions:
a You may distribute, publicly display, publicly perform, or publicly digitally perform the Work only under the terms of this Licence, and You must include a copy of, or the Uniform Resource Identifier for, this Licence with every copy or phono-record of the Work You distribute, publicly display, publicly perform, or publicly digitally perform. You may not offer or impose any terms on the Work that alter or restrict the terms of this Licence or the recipients' exercise of the rights granted hereunder. You may not sublicence the Work. You must keep intact all notices that refer to this Licence and to the disclaimer of warranties. You may not distribute, publicly display, publicly perform, or publicly digitally perform the Work with any technological measures that control access or use of the Work in a manner inconsistent with the terms of this Licence Agreement. The above applies to the Work as incorporated in a Collective Work, but this does not require the Collective Work apart from the Work itself to be made subject to the terms of this Licence. If You create a Collective Work, upon notice from any Licensor You must, to the extent practicable, remove from the Collective Work any reference to such Licensor or the Original Author, as requested.

b You may not exercise any of the rights granted to You in Section 3 above in any manner that is primarily intended for or directed toward commercial advantage or private monetary compensation. The exchange of the Work for other copyrighted works by means of digital file sharing or otherwise shall not be considered to be intended for or directed toward commercial advantage or private monetary compensation, provided there is no payment of any monetary compensation in connection with the exchange of copyrighted works.

c If you distribute, publicly display, publicly perform, or publicly digitally perform the Work or any Collective Works, you must keep intact all copyright notices for the Work and give the Original Author credit reasonable to the medium or means You are utilizing by conveying the name (or pseudonym if applicable) of the Original Author if supplied; the title of the Work if supplied. Such credit may be implemented in any reasonable manner; provided, however, that in the case of a Collective Work, at a minimum such credit will appear where any other comparable authorship credit appears and in a manner at least as prominent as such other comparable authorship credit.

5 Representations, Warranties and Disclaimer

a By offering the Work for public release under this Licence, Licensor represents and warrants that, to the best of Licensor's knowledge after reasonable inquiry:

i Licensor has secured all rights in the Work necessary to grant the licence rights hereunder and to permit the lawful exercise of the rights granted hereunder without You having any obligation to pay any royalties, compulsory licence fees, residuals or any other payments;

ii The Work does not infringe the copyright, trademark, publicity rights, common law rights or any other right of any third party or constitute defamation, invasion of privacy or other tortious injury to any third party.

b Except as expressly stated in this licence or otherwise agreed in writing or required by applicable law, the work is licenced on an 'as is' basis, without warranties of any kind, either express or implied including, without limitation, any warranties regarding the contents or accuracy of the work.

6 Limitation on Liability

Except to the extent required by applicable law, and except for damages arising from liability to a third party resulting from breach of the warranties in section 5, in no event will licensor be liable to you on any legal theory for any special, incidental, consequential, punitive or exemplary damages arising out of this licence or the use of the work, even if licensor has been advised of the possibility of such damages.

7 Termination

a This Licence and the rights granted hereunder will terminate automatically upon any breach by You of the terms of this Licence. Individuals or entities who have received Collective Works from You under this Licence, however, will not have their licences terminated provided such individuals or entities remain in full compliance with those licences. Sections 1, 2, 5, 6, 7, and 8 will survive any termination of this Licence.

b Subject to the above terms and conditions, the licence granted here is perpetual (for the duration of the applicable copyright in the Work). Notwithstanding the above, Licensor reserves the right to release the Work under different licence terms or to stop distributing the Work at any time; provided, however that any such election will not serve to withdraw this Licence (or any other licence that has been, or is required to be, granted under the terms of this Licence), and this Licence will continue in full force and effect unless terminated as stated above.

8 Miscellaneous

a Each time You distribute or publicly digitally perform the Work or a Collective Work, Demos offers to the recipient a licence to the Work on the same terms and conditions as the licence granted to You under this Licence.

b If any provision of this Licence is invalid or unenforceable under applicable law, it shall not affect the validity or enforceability of the remainder of the terms of this Licence, and without further action by the parties to this agreement, such provision shall be reformed to the minimum extent necessary to make such provision valid and enforceable.

c No term or provision of this Licence shall be deemed waived and no breach consented to unless such waiver or consent shall be in writing and signed by the party to be charged with such waiver or consent.

d This Licence constitutes the entire agreement between the parties with respect to the Work licenced here. There are no understandings, agreements or representations with respect to the Work not specified here. Licensor shall not be bound by any additional provisions that may appear in any communication from You. This Licence may not be modified without the mutual written agreement of Demos and You.

DEMOS

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.

Demos is an independent, educational charity, registered in England and Wales. (Charity Registration no. 1042046)

Find out more at **www.demos.co.uk**

DEMOS