

POWER Inquiry Witness Session – Manchester

**Witness Session
12.20-4pm, 28 April 2005**

**Manchester United Football Stadium
Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA**

***New Sources of Power: exploring the role of
supranational institutions, corporations and grassroots
activity in the democratic process***

Witnesses**Supranational institutions and corporations**

Colin Crouch, Professor of Governance & Public Management – University of Warwick
John Palmer, Director – European Policy Centre, Brussels

Abbreviations

AM	Audience Member [individual names indicated]	
BF	Ben Freeman	Commissioner
BM	Bano Murtuja	Commissioner
EB	Emma B	Commissioner
FM	Ferdinand Mount	Commissioner
HK	Helena Kennedy	Commissioner
JP	John Palmer	Witness
CC	Colin Crouch	Witness

'New sources of power'

Could you explain the thesis of your work 'Post-democracy' and relate it to the issues that the Inquiry is pursuing?

CC: What I meant by Post Democracy was a society in which all the institutions that we associated with democracy remain beautifully in place and possibly even greater pruned and more effective but where somehow the part of the heart of it comes out because the forces within the society that make democracy work as a somewhat prickling and difficult system, weaken. I'm actually talking about a very specific kind of weakening of democracy that takes place within the intact shell and it's the

weakening of the ability of middle and low socio-economic groups to develop their own political agendas.

It's that decline in the autonomy of lower socio-economic groups to define autonomously through their own institutions a political agenda and the passing of that agenda to the control of professionals in parties and think tanks and associated with that, the shift of power out of the whole system towards private concentrations of global wealth, so that's post democracy.

Now what you do about it is very difficult, because to some extent these are historical structural forces you can't do anything about but certainly I would look primarily for responses to that to come from the society. I mean if the analysis is about a loss of political energy in certain parts of the society, it's exactly the wrong place to look to kind of political or formal fixes and so my attention passes to social movements and agitating groups.

JP: I share Colin's general summary of the situation in terms of the loss of political power, the measurable loss of political power of the lower socio-economic groups, the poor, the disadvantaged, the newcomers, etc.

I think that we're seeing two converging trends. One of them is that political parties are actually interested in fewer and fewer and fewer people. I'm told there are 66 000 people in this country that the political parties are interested in and the number is falling every day because they are defined by the focus groups. I suspect this strategy is coming unstuck because they've taken for granted that the core remains intact, but the core is eroding, I think on both sides of the political spectrum, so called, and becoming unpredictable.

The second factor, the public are doing this is that they're being pushed into the same political telephone box by broader global economic and social forces. I think we are very much in the situation today where people were at the beginning of the movements for national independence and national democracy in the 18th and 19th century when they were discovering that local action wasn't enough and they needed to form some kind of national politics, national democratic politics. If you look at the Chartist Movement in this country and other movements it was all about saying, 'You can't do it in the North East by yourself or in the South West, we need to come together, there needs to be politics at the British level'. It's quite a radical idea for people who've lived in relatively small contained communities.

What structural forces make it increasingly difficult for middle and lower income groups to express themselves to find some sort of public autonomy?

CC: The poor and lower middle population now differ occupationally from those in the 19th and 20th centuries. They tend to be in a range of service activities, which don't generate cultures and lifestyles, or particular political demands. Paradoxically because people start off with democratic rights they don't have to struggle for those and so they tend not to find a political definition of their grievances. Instead people face an existing sophisticated political elite that knows how to cope with the masses and that creates a strange situation in which, on the one hand people are responded to, but at the same time they a way they lose ownership, the capacity to shape that through their organisations and find a specialised political elite, expertly advised, does it to them, so it's that kind of loss of autonomy, of shaping of the agenda. It seems to me there's a lot about modern work that it is an issue and it just seems

remarkable to me that that doesn't actually surface, no one is able to articulate that or no one wants to articulate it.

How susceptible are the corporate structures to citizens' influence?

CC: There are two problems with imposing regulation over companies in order to rectify the imbalance between their power and the small people. One, regulation is in itself burdensome, companies have to adjust to it, they have to divert activity to it and there's a kind of cost. The second cost though is that if there's competition between those two political and economic places, the one that's bearing the regulatory burden will lose competitively. In a globalising world where more and more activities are subject to international competition, a heavy regulatory burden in one place but not in another place which actually competes with the first place, means just a simple net loss for the business. So there is a real issue there that can only be coped with by the extension of the Universal Trade Agreement. This is not really about democratic participation, it's miles away from where democracy's active, but the only thing with certain social clauses at the level of the WTO so that slavery, for example, might leave the world again.

JP: I think that companies are far less self-confident than they purport to be, and we are seeing the counter-forces beginning to assert themselves vis-à-vis big companies. Big companies often look impressive from outside, they're quite hollow from inside. Societal forces can act upon them and produce quite significant responses. Microsoft have signed up to a set of international commitments, which not only oblige them to maintain certain standards as far as worker's rights, women's rights, discrimination, violence, corruption as far as their own employees are concerned, but also the employees of companies that they sub-contract to in Indonesia and everywhere else. Do I believe they will always live up to it? No, of course I don't but the very fact that they feel obliged to respond to the pressures for a social accountability for regulation, social regulation, shows to me that the power of these forces can be over-estimated. The more we develop international social standards and regulation, the more companies can't evade their responsibilities by moving from well regulated to less well regulated to totally unregulated. They run out of places to run to.

CC: There are two different questions in what you're asking and one is this issue about the regulation of global economic power when corporations exist at a level where the regulatory level is extremely thin and what is there is not democratic. You're also asking about the presence of large corporations within communities which might not necessarily be about global power actually and a set of issues there. You are really getting at political culture or even the general culture produced by dominance of different kinds of corporate form.

You couldn't really tackle the first problem by trying to limit the size of corporations. It can be done by various kinds of planning control to ensure that there is a choice between large shops and small shops. The really difficult areas are the ones within this thin regulatory environment at the global level and that's where it's very tricky because the regulatory levels that are actually there, like the World Trade Organisation, OECD to the extent, World Bank, IMF, are non-democratic, can't really be democratic. Or there's things like the European Union which are weakly democratic and there's a kind of trade off between each of the regulatory system and its democratic quality for as long as democracy really sits at nation state level as its kind of bedrock.

How much power and effectiveness can alternative political forums, particularly single issue groups develop vis-à-vis big power operators like the corporations?

CC: People have the capacity to build coalitions. I believe political movements, across borders, across countries, certainly across national frontiers. I think that we have to recognise that there are deep profound socio-economic changes have occurred to our society that make some of the traditional conveyor belts for empowerment no longer available to us as they once were.

There are organizations that try to fill the very thin regulatory space of the global economy and are targeting large corporations, challenging them, sometimes naming them, sometimes working with them and there is developing an interest in certain experiences now, mainly concerned with the oil industry. Some of the oil companies, British Petroleum deserves special mention, have tried to respond in a kind of positive way to that and actually do listen to what the movements are saying and do sometimes recognise that the movement organisations can tell them things that they can't find out for themselves actually. And then one sees also some voluntary bodies and charitable organisations, Amnesty would be an interesting example, developing particular corporate departments that deal with the issues of what global companies are doing. Now in the grand scheme of things this is all a very small bit but it is something and it's an interesting development and worth watching.

Would you argue about the emergence of a sub-governmental political space?

JP: I think we are seeing the emergence of a European democratic policy. You've got the opening up of new political possibilities and you've got civil society connecting in between. Today, the system operates internationally as much as it operates nationally and sub-nationally, and I am convinced that the kind of argument and discussion we're having, over how do you create a democratic politics at the European level which is an absolutely crucial argument, we're going to have to have at the global level. Because at the same time as new centres of power are developing that are not accountable, at the same time there's the most amazing revolution in communications that's bringing the world closer together, the inter-dependence of the world is just amazing.

At the European and at the international level, there is space for substantial different programmes. If you take any one country in the modern globalised world, its elbow room is very restricted by the nature of the world in which it lives. But the more you internationalise the political debate, the more the elbow room expands and at the moment it's not being exploited as it were, by the democratic forces, we haven't created the democratic policy to mirror or match the nature of, the structure of the world in which we live.

The European political space is there because 25 states acting together can do things that one individual state by itself can't do. If you take issue of global warming, the only question is not whether the European Union is too big but whether it's too small to deal with that. There we need effective decision making at the *global* level, and I was very interested to see that in Kofi Annan's report on the reform of the

United Nations, which is the opening up of a debate about the nature of *global* governance.

While people care about global issues, they do not seem to think that intergovernmental organizations can provide solutions to them. How can that be changed?

JP: The political parties at national level have conspired to prevent the European elections being about European choices. And that has meant people have seen less and less connection between the act of voting at the European level and a strategic outcome in terms of policy choice and even less in terms of executive appointment. The answer to your question of how do you make the European polity a reality will be whether the political forces will allow their parties at European level the space to develop their own alternatives.

Governments are very clever at playing different bits of the democratic control system against each other, the better to avoid effective scrutiny. There is absolutely laughable scrutiny of decision making in this country, and in others as well. And they don't allow the European Parliament to have full and effective scrutiny.

The general complaint in this country is that the European Union interferes with too much social and environmental regulations. Most, many of the progressive things that have happened in the last five years that have happened have largely, not exclusively, happened as a consequence of European legislation. I'm thinking of the Acquired Rights Directive, I'm thinking of the Rights of Workers Consultation, etc.

Answers to Audience questions:

With regard to the English Parliament:

JP: The question that remains open to be answered is the inclusiveness of the definition of Englishness, the jury is out and many of our fellow citizens from ethnic minorities tend to say they are marginally happier with the British definition than the English definition. I think that the struggle for defining the English identity is now on the agenda. Will it be a progressive inclusive etc?. Well then I think that will be answered by events.

CC: Scottish people and Welsh people, and Northern Irish people have a sense of themselves as separate and small. If England wants a separate identity within the United Kingdom, it could only come out as extremely aggressive towards the other parts. here are tendencies in the post industrial economy which paradoxically strengthen capital cities in that a lot of very modern economic activities do not leave much geographical space. Capital cities have a kind of advantage at the present time and this country's already extremely unequal geographically and that will intensify now, so I would take the British Parliament to Manchester or Leeds, but certainly away from the South East.

With regard to the changing nature of the working class

- JP: I don't know where the economic production service industry structures are going to go that will restore that potential for what you might call, the Germans call *mitbestimmung*, co-determination, very respectable now but wasn't at one time and I think, myself, that the identities, the counter-posing to the system will come not from that one collective work identity but from the fact that people will have multiple identities, they will be at work, they will be arguing for better conditions but they will also be in their community groups. They will also be in their special interest lobby groups for environmental, whatever it is, they will also be democratic citizens. I think we're going to be living in a world of pluralistic identities in a way that might not have been anticipated 50 years ago, when within the body of capitalism if you will, there was an alternative world waiting to be borne in almost every factory and every workplace.
- CC: I was going to start exactly where John started which was with Karl Marx and the difference between the class for itself and the class of itself. It's not that there ever really was a consciousness among the industrial working class of being 'a class'. People had various occupational identities. But there were then organisational coalitions that built these up with a sort of sense of certain share occupationally related problems and it's that that is much more difficult to see generated among the ordinary people of a post industrial society. On the other hand, the executive class know exactly who they are, there's a whole ideology produced for them, everything's named after them. That is a class that has a real sense of itself and of it's destiny as well.
- JP: I think that management elite structures are also beginning to fragment. The layers of management have been stripped out of capitalist corporations. There is an element of atomisation, actually the new political elites are drawn from rather more diverse quarters. The media and the entertainment industry plays a disproportionate part to the traditional production of values as basic industry so I think that the definition of the political elites needs to be a bit more refined than the ones that we have traditionally employed when talking conventional class language in modern society as opposed to the kind of society we live in now.