



Localism

Unravelling the Suppliant State

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nef (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.



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Supplicant (noun):
One who humbly entreats.

Roget's Thesaurus, Third Edition, 1995

Contents

Unravelling the Supplicant State	1
1. Administrative localism	3
Efficiency	6
2. What is missing from the debate	8
Devolving power to frontline staff	9
Devolving power to users of services	11
Changing the size and shape of institutions	13
Devolving power to local enterprise	15
3. The meaning of localism	17
The Supplicant State	19
Where we go from here	20
Endnotes	24



Unravelling the Suppliant State

It was the year of the Queen's Golden Jubilee, the invasion of Afghanistan and the resistible rush to war in Iraq. But while all that was going on in 2002, researchers at **nef** (the new economics foundation) were struggling to gather the facts for a report which had always been known in the office as *Ghost Town Britain*,¹ the brainchild of Andrew Simms and Alex MacGillivray.

Over the next two years, a number of other reports were published with the same title, but it was the first one that had the impact, with its warning that so many banks, shops and post offices were closing on Britain's high streets that many of them faced a looming tipping point into complete shutdown.

And it wasn't just about retailing. The report listed the disappearance of local police stations, local playing fields and local pubs. All these phenomena had been known before, but had been discussed as separate problems. What *Ghost Town Britain* did was to package them as one problem, and – what is more – a problem of economic centralisation.

The main result of the report was the emergence of a coalition of nearly 90 organisations, under the banner of Local Works, dedicated to doing something about it. At the same time, **nef** commissioned parliamentary campaigner Ron Bailey to draft a new law capable of forcing the ghost town process into reverse. Thanks to the extraordinary efforts of Local Works and its supporters, and the support in Parliament of Nick Hurd, Julia Goldsworthy, Sue Doughty and David Drew, the Sustainable Communities Act became law in 2007. So far, 87 local authorities have resolved to use it.

April 2009 marks the first key deadline in the process. The Government must publish a breakdown of public spending in each local authority area: the money spent by the council as well as the money spent there by quangos and by central government. Local authorities and other local citizen groups can use this information to draw up a plan to tackle these looming tipping points, and draw down some of that central

government spending to achieve it. They have until 31 July 2009 to submit their proposals to the Local Government Association.

This is not the kind of consultation which ministers can accept or reject. If they meet the criteria, these plans are potentially binding on central government. In short, the new law potentially reverses two generations of central decision-making, and does so to tackle those black holes in British geography where the life has been sucked out by political and economic centralisation.

An unusual cross-party coalition of politicians united to pass the Sustainable Communities Act, but –with some notable exceptions – politicians are among the last to understand the significance of it. What it has done, and what this pamphlet also tries to do, is to set out a broader definition of localism than the political one.

All the political parties are gargling with localism at the moment, but they still have a miserably narrow idea of what it is about. As decision-makers themselves, they believe it is only about decision-making – just about the business of devolving decisions to local boards or local voters. That blindness among the political elite is now holding up progress. They do not yet understand how damaging our centralisation has become, and the official mindset that creates it, how it undermines – not just our faith in government – but the effectiveness of our public services, our well-being and our ability to sustain ourselves economically.

Taken together these amount to a phenomenon we call ‘The Suppliant State’, a state and corporate infrastructure that feels comfortable only when we are all reduced from citizens into supplicants to huge, impersonal forces beyond our control.

This pamphlet is written to mark this key shift in the relationship between central and local, as laid down in the Sustainable Communities Act. But it is primarily an attempt to set out a far broader agenda for localism, some way beyond the administration that so obsesses our politicians, and one that might be capable of turning the tide more sustainably.



1. Administrative localism

“The housewife of Britain has to accept that the man in Whitehall really does know best.”

Lord Shawcross

A century of Norwegian independence from Denmark was celebrated in 1998 by the appointment of five eminent men and women to enquire into the state of their democracy. Their 50-volume report was a frightening wake-up call to the country that its democratic infrastructure was approaching collapse. They found that participation in government and elections was plummeting, that the municipalities – the source of Norway’s democratic energy – were being captured by the central state, and power was falling into the hands of unelected technocrats. The result was stagnation.

Norway was relatively late coming to this conclusion. A similar realisation in France in 1982 led to power being transferred dramatically from the *préfets* – some of whom are supposed to have broken down in tears at the news – to the mayors of the cities and communes. Other European countries have taken similar dramatic decisions over the past 20 years.

This is not to say that the French system or any of the other decentralised systems of Western Europe – some of them dating back to the post-war constitutions drawn up by the victorious allies in 1945 – would be precisely right for Britain. The point is that the UK’s neighbouring countries and allies realised the damage that the drift towards centralised decision-making was doing, to their own democracy and public services, and reversed the trend.

Britain did not follow suit, despite the lip service paid to the localism agenda. David Miliband famously promised schools ‘a 25 per cent reduction in inspection . . . a 40 per cent cut in data submission’, when he was Education Secretary, and Whitehall has now set its face against any expansion in the targets regime, but most ministerial decisions are in the other direction.² When there are crises in child protection, more inspection is the solution offered. National politicians need to appear effective; as the local institutions have been corroded, of course they must act centrally, whether it works or not. What else can they do?

In particular, there is little understanding of what Norway, as well as France and Spain and the other European countries, came to believe about the consequences of centralisation: the sclerosis of decision-making, the dwindling of imagination and the

slow collapse of public services. This is partly because the UK political battleground remains stubbornly aloof, sticking to the familiar groove of the tax and spending debate.

Recent general elections focused overwhelmingly on the funding in health, education and other public services. There are always urgent priorities for more spending. But the NHS alone has also experienced its fastest and biggest cash injection since it was founded, and the idea that its continuing difficulties might lie elsewhere is hard for politicians to grasp. Most general elections are fought over tiny proposed changes in public spending.

The problem is that despite all the extra money, public services remain largely unresponsive. Public service reform is stalled. The most prominent targets on which central government based its efforts have been abandoned, and its league tables are widely derided. In education, one in five pupils still leave primary school at the age of 11 without being able to read properly. In health, 80 per cent of resources are still eaten up by chronic conditions which the NHS treats largely by maintaining patients on lifelong medication. Truancy and teenage pregnancy still remain at much the same levels despite ten years of investment from the centre.

Of course, government and opposition have vested interests in limiting the argument about public services to spending, or the extent of state control – issues where most other European countries have reached some consensus – because it *owns* those debates. The central question of why public services still fail people, and why they are so intractable, will not be addressed unless the real reasons are forced onto the mainstream debate. Might our centralised structures create inefficiencies? Might they be the source of public service intractability? Might they actually be more expensive to run than locally administered services? These topics are not discussed, let alone researched.

‘Be more expensive’, the Liberal local government pioneer Joseph Chamberlain urged his fellow councillors in the 1870s. It was a demand, not that they spend more, but that they be more ambitious. That vision of urban pride and innovation is the basis for the libraries, art galleries, sewage and transport systems that remain of Britain’s great Victorian cities.

Our relative self-determination was widely trumpeted, right up until the middle of the twentieth century, as the basis for national freedom, compared to the slavish centralisation of the Napoleonic continent. It still seems to inform the UK Independence Party (UKIP) myth of sturdy Anglo-Saxon self-determination. Yet, since the Second World War, and more particularly thanks to the Thatcher, Major and Blair governments, it is no more.

In his pamphlet *Big Bang Localism*, Simon Jenkins uses the example of London, which in 1900 elected 12,000 people to run its local services. By the time Tony Blair

was elected in 1997, that figure had shrunk to just 2000. The rest had been replaced by 10,000 appointees, the creatures of Whitehall, to boards and quangos, running everything from roads and transport to health.³ Since 1997, of course, that process has accelerated. The extreme disconnection between the decision-makers and the front line – the main factor in the failure of public service reform – is starkly obvious if you compare the structure of what remains of local government in the UK with other European countries.

The average population of the lowest executive tier, usually district or borough councils, is 118,000 in the UK. That compares to 1500 in France, 5000 in Germany and 7000 in the USA. We have 2605 electors on average per elected representative, compared to 116 in France and 250 in Germany.⁴ Our local councillors are outnumbered three times over by 60,000 unelected people, appointed by the centre, running 5200 local quangos that dominate our experience of public services. They are the direct result of the contempt with which Whitehall regards its equivalents in local government. Worse:

- Over 100,000 people sit on parish councils in the UK which, unlike most of their equivalents in other countries, have absolutely no power.
- Elected councillors divide their time 17 hours with the public per month and 8 hours with officials. The quangocracy divides it the other way round: 4hours with the public and 11 hours with officials.⁵
- The first Blair term imposed no less than 6000 targets on its poor benighted local councils and quangos, from the number of children adopted to the number of CCTV cameras, many of them conflicting, backed by a battery of cappings, ring-fencing, inspectors and all the panoply of empire.

As Simon Jenkins puts it: ‘The plenipotentiary state of New Hampshire has only half the population of the capped and cribbed county of Hampshire in England.’⁶ His remorseless campaign has had its effect: the rhetoric of local control has begun to filter down through Whitehall, though not yet to the most determinedly centralising departments like the Department of Health. But the absence of much in the way of new powers to local government in Hazel Blears’ White Paper on community ‘empowerment’ shows there is still a very long way to go.⁷



Efficiency

There has been a widespread belief at the heart of Labour and Conservative governments alike that central control of large units is somehow more efficient.

There are clearly instances where this is so, but it is very rarely the case in administration.

Simon Jenkins quotes a Plymouth NHS trust manager forced to spend £1500 on a shelf which would cost £100 at a local store, thanks to central regulations and controls. These extra costs are not, of course, recorded as a byproduct of the centralisation that is supposed to be bringing 'efficiency', any more than the army of auditors is. Even without them, according to the economic historian Robert Dahl, there 'is no evidence of any significant economies in city government attributable to larger size'.⁸

In fact, the kind of efficiency imposed on these local outposts is often a caricature of Treasury rules that accept quite clearly that the cheapest option in the short-term is not necessarily the cheapest over the long-term, and that narrowing the deliverables in a service contract might well impoverish other public service objectives.⁹ But in practice, large swathes of the public sector ignore these warnings, and commit to a kind of insidious inefficiency dressed as its opposite: not about the effectiveness of the service, but entirely about the size of the budget. Instead of efficiency meaning the most effective service for the lowest basic budget, we have a system dedicated to the lowest budget and the most basic service. The result is bound to be extra expense in the long run, because contracts stipulate ever narrower outputs, with little evidence that these are effective in sustainably tackling complex problems.

Little or no research has been carried out into the costs of centralised services, but every target has its costs in administration at every level of government, and other costs from targets hit at the expense of problems that are not solved. One small example of the wasteful effects of hierarchical control in public services is in who is in charge of deciding when to turn central heating off: in practice these decisions have been removed from schools and health centres and are taken in town halls, which means in practice that central heating continues well into May, whether there is a heat wave or not.

The past few years have seen a kind of half-hearted acceptance of this problem by central government, but it has sought to solve it by widening the quangocracy not by reducing it. A foundation trust in the NHS, originally a brave attempt to inject mutual ownership into local administration, is often now a caricature of itself, its members sidelined and ignored, its mutualism all but meaningless.

Just because the localism debate has become too narrowly focused on the problem of administration and democracy, that does not mean it is somehow unimportant. It is enormously important. Our argument is that this only represents a small part of the problem that centralisation presents us with in Britain.

2. What is missing from the debate

“ ‘You are to be in all things regulated and governed’ said the gentleman, ‘by fact. We hope to have, before long, a board of fact, composed of commissioners of fact, who will force the people to be a people of fact, and of nothing but fact. You must discard the word Fancy altogether.’ ”

Charles Dickens, *Hard Times*

While British politicians agonise about the narrowly democratic aspects of centralisation, a proper consideration of what prevents people challenging those who wield power ought to mean a much wider agenda of change. Re-localising decision-making is one important aspect, but there are at least four more aspects of modern life where power and responsibility needs to be decentralised:

1. To frontline staff.
2. To service users.
3. To smaller organisations.
4. To local business.

The debate has largely ignored these questions, or treated them as if they were part of the administrative question. The debate is even more impoverished because the three political ideologies in the UK tend to bring their own peculiar interpretations to bear.

New Labour has tested out the phrase ‘double devolution’, devolving down to local citizen bodies, but struggles to find ways of making those new bodies representative and to avoid creating a new class of local quangos, administered by those rare people who enjoy meetings. The Conservatives imagine bypassing local government entirely, handing complete independence to schools and other bodies, forgetting that this will make them far more dependent on central funders than before. Liberal Democrats only occasionally manage to think further than defending local government in its existing state and have yet to put much political flesh on the bones of their practice of ‘community politics’ at local level.

It is time to broaden the argument.



Devolving power to frontline staff

Behind the question of who takes administrative decisions, there is another vital problem: whether our services can survive being run in this blind, indirect and authoritarian way, where the very people who make the difference between success and failure are increasingly undermined and constrained.

It is frontline staff who have been most disempowered by Blair and Brown's chosen instruments of central control. Management targets were borrowed from the Thatcher and Reagan governments, adapted from mainstream American Taylorism as reinterpreted by the management consultancies. They follow in the tradition of Benthamite empire-building, and have created an explosion in the auditing business, breaking down every aspect of local government and services and measuring them.^{10,11}

But here lies the heart of the problem. Because as well as adding a good 10 per cent to the costs of local services, on top of central auditing costs running at £600 million, this kind of target-setting only provides the illusion of control. Under a phenomenon known as Goodhart's Law, any measure used to control is bound to be inaccurate.¹² Like the school league tables which made teachers concentrate on getting borderline pupils through at the expense of their weaker classmates. Or the hospital waiting list targets that meant NHS managers concentrated on quick, simple problems, at the expense of everyone else.

In both cases, the people being measured did what made the figures look better, not what they should have done. Inspired by management consultants McKinsey – who has won a favoured position inside Whitehall – bureaucrats believe they can manage the complexity of frontline services by concentrating on a handful of measures.

Actually, as we now know, these measures are difficult to interpret and have perverse effects on the ground. Like the target designed to measure the time it takes between patients being seen and getting treatment in casualty. The result was, for one 88-year-old, a 24-hour wait just to be seen, officially recorded as 30 minutes. Other hospitals have avoided the target that limits patients' time on hospital trolleys to four hours, by putting them in chairs instead. Others have bought more expensive kinds of trolleys and re-designated them as 'mobile beds'.¹³

None of the early targets were agreed with either local government or the people it represents. Most were – as it turned out – simply plucked from the air.¹⁴ They are

part of a prevailing culture in government that manages complexity badly, rewards and promotes auditing skills but derides and downgrades delivery skills – precisely the opposite of what government needs. As the management pioneer Peter Drucker argued, it de-skills those who are being count

There are similar issues in the voluntary sector, as charitable institutions like housing associations – and increasingly other charities too – are brought into the same target culture by large government contracts to deliver services. As a result, many of the housing associations, previously the hope of tenants searching for responsive local landlords, have become as labyrinthine and as distant as any of the big city departments they have replaced, dedicating most their attention to their central government paymasters.

This is the world the voluntary sector has also marched into by accepting the task of delivering government services, or as they say now, ‘delivering outputs’. It is a delusory world where nothing is quite what it seems, where outputs are more important than achievements, and where every charity has targets imposed by funders who have their own yoke of targets to deliver as well.

Despite the conversion of Whitehall to a world with far fewer targets, it has so far developed no alternative to them. The end of public sector targets was announced two years ago, but change has been slow.¹⁶ The target regime also exists in full lower down the funding food chain, where all the fleas have little fleas upon their backs to bite them: each time the bites are passed down, they get tougher and more intransigent. So while the mandarins at the Treasury can be relatively relaxed about the standard of proof they require before acting, those Whitehall targets descend via funder to funder, until they reach the bottom flea – the poor charity which has to make something happen on the ground – by which time they have become a gradgrindian nightmare which bears no relation to reality.

The real problem here is that Whitehall has been captured by what you might call the ‘McKinsey fallacy’, the wholly erroneous McKinsey slogan that ‘everything can be counted, and what can be counted can be managed’. The truth is actually that if you employ imaginative and effective people at local level and give them the freedom to innovate, they will succeed no matter what the programme is. If you don’t, they will fail, no matter what the programme is.

But political debate in Britain is so hidebound by centralised thinking that the only solution to this sclerosis appears to be fewer targets, when any genuine solution has to positively hand responsibility back to better-trained frontline staff. If the only solution is to measure every aspect of the way they do their job, constantly looking

over their shoulders, controlling their every response as if they were automatons, then we will get the second-rate results we deserve. The real question is how we can recruit for imagination and effectiveness. It is, in short, a human resources problem not an accounting problem.



Devolving power to users of services

If localism is just about local decision-making, then another fundamental problem with hierarchical public services remains unaddressed. The central problem is that hierarchies prefer recipients to be passive and grateful, even though that is wasting the very real skills, time and ability to care that ordinary people have to offer.

This is the agenda which has become known as co-production: it means the equal partnership between professionals and clients – not to consult them more, or get them to sit on boards – but to use their skills to actually deliver services. It emerged in the USA at the University of Indiana in the 1970s when Professor Elinor Ostrom was asked to explain to the Chicago police why the crime rate went up when they exchanged the beat for patrol cars.¹⁷ Co-production was the missing ingredient to crime fighting which only the public could provide by chatting to police officers when they saw them on the beat, or by feeling a sense of camaraderie with them which they lost when the police became mobile.

The idea was brought to the UK by Anna Coote at the King's Fund to explain how doctors also need patients.¹⁸ It was also developed and deepened by Professor Edgar Cahn, the Washington civil rights lawyer behind timebanking, who used it to explain how important neighbourhood level support systems are – families and communities – and how they can be rebuilt.¹⁹

If public service 'modernisation' is about 'efficient' professionals delivering narrow units of help to passive clients, or just gives people budgets and sends them away to fix themselves, it is hardly surprising that demand mounts and costs spiral out of control. If, on the other hand, it can re-define public service clients as assets who have skills that are vital to the delivery of services, then we have a way that public services can genuinely start to rebuild the neighbourhoods around them. The point is that there are some services, like friendship, which neighbours provide very much better than professionals. Co-production is about broadening public services so that these human needs can be met.

Some of this much needed co-production infrastructure does seem to be emerging. The Rushey Green Time Bank in Catford won the recent London Health Commission award for partnership working with the NHS. GPs there confirmed that it had ‘a proven record at improving mental and physical well-being amongst [its] patients by supporting people in their environment, targeting unmet needs, and creating a partnership between patients themselves, health professionals and allied workers’.²⁰ The Newcastle group KeyRing has put mutual support at the heart of its work with people with learning difficulties, and is experimenting with helping people with personal budgets club together to get a better deal.

This is the basis for a different kind of public service, where professionals don’t define people entirely by their needs – which makes those continuing needs the only assets people have – but by what they *can* do. Then they find ways of putting those skills to work. Co-production says that the reason our problems seem so intractable is that public services have become blind to the most valuable resource they possess: their own clients and the neighbourhoods around them. It says that these assets are ignored if they are ignored or are deliberately side-lined.

Any kind of localism that ignores the massive contribution that service users can make – and have to make if we have any chance of rolling back our continuing social problems – is simply going to preside over intractable issues which it will fail to solve, and ineffective local institutions just give localism a bad name.



Changing the size and shape of institutions

If local decision-making leaves in place the huge and inhuman institutions that manage people’s lives then it will have failed to make the necessary transformation. The truth is not just that our institutions are managed distantly; it is that they are structured to suit central government views of efficiency – which might not actually be very efficient at all – rather than real human needs.

The truth is that the current generation of giant factory schools and hospitals means more mistakes, more alienation, less flexibility and less opportunity for change. It means less local identification with a ‘local’ hospital or court, quite apart from the hardship of those who have to travel 50 miles or so to get there without adequate public transport. The rise of medication errors in the NHS, a symptom of centralisation and giant units, is a direct result of this, now costing

£500 million a year – or twice that including adverse reactions to drugs.²¹ Hospital infections, another symptom, cost £1 billion. When one person in ten admitted to a UK hospital suffers ‘measurable harm’ as a result – causing extra hospital stays costing £2 billion a year – you know something is wrong with the basic administration.

This has become a problem because centralised hierarchies tend to have a reductionist and rigid idea of what makes services efficient, and a touching – and in the case of the NHS, wasteful – belief that Information Technology (IT) can somehow increase productivity. It means that local institutions of all kinds become subject to the drift of appearance over substance that is characteristic of national institutions. The vital face-to-face interaction between professional and client, as much as between doctor and patient or teacher and pupil, becomes subsumed under micro-management that leaches the institutions we rely on of meaning.

For those dependent on faceless national institutions, this is a nightmarish problem. ‘As you may be aware, there have been difficulties with the implementation of the Agency’s new computer system,’ said a letter from the Child Support Agency to one client.²² ‘We are doing our best to shield clients from the effects of these difficulties, but unfortunately Miss T’s case is one of those affected. I have contacted Miss T to advise I am unable to resolve her complaint, and explain that this matter will now be closed.’

What could Miss T do? Nobody is responsible in these agencies. Often the phones don’t get answered and, when they do, you speak to someone in a call centre with a script and a computer programme that doesn’t include your problem. In the case of some benefits claims, you are charged for the call you make by your mobile phone provider.

What is frightening about that letter is the absolute lack of concern, displaying all the humanity of the computer that probably wrote it. These are not conventional political issues, which Westminster correspondents chew over. But outside Westminster, they colour everybody’s life, and what lies behind them is often the sheer size of the institutions that rule us.

What they have in common is that they are symptoms of an epidemic of giantism, where schools of up to 3000 pupils bring an inevitable sense of alienation. Economies of scale, standardised outputs and lower costs still dominate our service delivery model. But those lower direct costs often come at the expense of higher costs elsewhere, in human isolation and therefore health, in crime, alienation and bad behaviour in school, and in hospital errors, MRSA, and all the distortions of

Whitehall's target culture. They corrode that sense of public service, and the basic personal relationship – between doctor and patient, teacher and pupil – which actually makes things happen.

Health decisions are taken around, for example, whether it is possible to merge already over-large institutions to free up sites for sale on the market. The debacle of the failed merger between three giant hospitals onto the site at St Mary's Hospital, Paddington, is evidence of how centralised administration subsumes clinical decisions and basic healing relationships to the property market.²³

We know from the USA that bigger hospitals are actually more expensive to run (hospital mergers raise costs by up to 58 per cent).²⁴ We know that small schools do as well or better than large schools on every measure of educational results and behaviour.²⁵ The truth is that institutions which prevent public service professionals building relationships with those they are educating, helping or healing will waste more money on failure than those which make the relationships possible.



Devolving power to local enterprise

What is even less well understood in the localism debate is that the same sclerosis caused in government by centralisation is also happening in towns and cities, and for the same reason: the massive centralisation of decision-making by companies and retailers. That is the force driving the 'ghost town' phenomenon, emptying communities of local post offices, banks and pubs, or transforming the places we live into bland identikit centres where the economic and buying decisions are taken by distant purchasing executives, and where shopkeeper jobs have been replaced by low-paid check-out staff.

The USA is not an administratively centralised country – quite the reverse – but it is miserably centralised in its business decisions. So we know where this trend is heading, because we can see the dead town centres in America, where there is now 38 square feet of retail space per person, much of it abandoned.²⁶ As *nef's Clone Town* reports showed, town centres suffering from this economic centralisation have three problems:

1. Multiple retailers bleed local economies dry of money: earnings do not recirculate unless there is a basic bedrock of locally owned business to trade with. Local authorities that accept large new retail developments on the grounds that

they are worth a certain amount of money forget to ask whether than money is likely to stay put.

2. Consumers get less choice than they would with locally owned shops that are, theoretically at least, able to stock fresh local produce if they want to.
3. The social glue provided by real local shops that holds communities together – which prevents crime, spreads responsibility, builds social capital and even tackles loneliness – is dissipated.

But because Labour and Conservatives alike became in office contemptuous of local initiative of any kind, they slavishly adopted policies that allowed a few retailers to build up semi-monopolies in regional and local markets. The Office of Fair Trading believes any market share above 8 per cent to be damaging to the retail supply chain, yet successive governments have allowed Tesco to build up a share of over 30 per cent.²⁷

Whitehall centralisers speak lazily about people getting what they want, but actually they have decreasing choices. A recent survey for Spar found that 80 per cent of us feel that a shop 10 minutes' walk away is more important than a police station, church or pub, but that choice is not offered.²⁸ The Competition Commission, charged by the Enterprise Act with investigating the damaging effects on all consumers, and future consumers, regards itself as satisfied simply because mainstream consumers are satisfied with the tyranny of one format, even if they are only a small majority. In fact, there is no evidence that the Competition Commission ever investigated the different needs of different kinds of consumers and how they relate to each other.²⁹

Those communities not favoured by the retail multiples instead suffer a slow strangulation followed by a 'tipping point' of economic collapse. Each closure is bad enough on its own: a quarter of all bank branches and fishmongers disappeared in the 1990s.³⁰ But when the number of local retailers, banks and post offices fall below a critical mass, the quantity of money circulating within the local economy suddenly plummets, as people find there is no point trying to do a full shop in town.

Nor is it just shops and post offices closing which is sucking the life out of towns and villages, it is the loss of open space, community buildings and meeting places. London alone has lost the equivalent of 1428 football pitches, or 7 Hyde Parks, since 1989. Also:

- Wholesalers, the lifeblood of small local shops, have closed at a rate of six per week.

- As many as 800 communities in Britain have no bank left, and over 1000 have only one. In the decade to 2002, Britain lost one-third of its bank network.
- About 36 pubs are now closing every month.

Diverse local economies, where local business can keep money circulating by trading with each other, are more flexible, more able to survive global recession, and more innovative, than ones which are dominated by a handful of names.³¹ That is why any localism which simply administers government more locally and democratically – but leaves in place the same forces of centralism and giantism in business – leaves people very little better off. They remain supplicants to distant boards of directors just as they were supplicants to distant government.



3. The meaning of localism

“Our civilization... has not yet fully recovered from the shock of its birth – the transition from the tribal or ‘closed society’, with its submission to magical forces, to the ‘open society’ which sets free the critical powers of man.”

Karl Popper, *The open society and its enemies*

One way in which the political parties have managed to keep the localism debate narrow is by giving the impression that the whole idea is brand new, and that they are the brave pioneers. In fact, the roots of localism go back a very long way, via Catholic social doctrine – and the doctrine of ‘subsidiarity’ – right back to the Scottish enlightenment. It was there, in the coffee houses of eighteenth-century Edinburgh, that the philosopher David Hume first cast doubt on scientific method, peering at ideas about what causes what and finding there was nothing there.³²

All you can do, he said, is say that events tend to happen together. Yet, if we can see nothing causing things under the philosophical microscope, that hands the scientists a logical problem. However many times they do an experiment, or watch the sun rising bang on time, it doesn’t mean these events are any more likely to happen tomorrow.

Two centuries after Hume was writing in Edinburgh, the Viennese philosopher Karl Popper, a refugee from the Nazis, came up with an interim answer. But, more importantly, he also applied it to politics. You may not be able to prove what you believe about the world, no matter how often an observation or experiment takes place, but you can *disprove* it.

Popper used the example of swans. It doesn’t matter how many white swans you see, it still doesn’t prove that all swans are white. But if you see a *black* swan, then you know that not all swans are white.³³

All very abstruse and barely relevant to the real world, you might think, but Popper was writing during the Second World War, when his home city was in the hands of totalitarians, and he found himself applying this insight to politics too. In doing so, he produced one of the classic twentieth-century statements of philosophical liberalism, *The open society and its enemies*.³⁴ Societies, governments, bureaucracies and companies work best, he said, when the beliefs and maxims of those at the top can be challenged and disproved by those below.

At the time he was flying in the face of the accepted opinions of the chattering classes. They may not have liked the totalitarian regimes of Hitler or Stalin, but people widely believed the rhetoric that they were somehow more efficient than the corrupt and timid democracies. Popper explained why they were not, and why Hitler would lose.

Anybody who has read Antony Beevor's classic account of the Battle of Stalingrad, and the hideous slaughter and inefficiencies brought about by two centralised dictators who had to take every decision personally, can see immediately that Popper was right.³⁵ Progress required setting 'free the critical powers of man'.³⁶ The possibility of this challenge – in what he called 'the open society' – is the one guarantee of good and effective government; those at the front line, those most affected by policy, will always know better about their own lives than those at the top. Open societies can change and develop; closed societies can't.

These ideas have put energy into the idea of subsidiarity developed by the Roman Catholic Church in the 1890s, under the influence of English Catholics like Cardinal Manning: the simple doctrine that decisions should be taken as far as possible by those that are most affected by them. What Popper added was that hierarchical, centralised systems, by their very nature, prevent that critical challenge from below.

Any successful policy will require some balance. Complete re-localisation is probably impossible, but would probably prove as disastrously unequal and sclerotic as complete centralisation. Some kind of balance is required, but any balance still requires the possibility of challenge from below.

But here lies the difficulty, and the reason for this pamphlet. Britain is still, despite devolution, one of the most centralised states in the world. We are steeped in that culture, which means that even those most enthusiastic about localism are stuck with the political language and accepted political solutions that derive from a centralised political culture. However much they might want to, it is difficult for British politicians to find a new language that can genuinely break free from the old assumptions. Hence the narrowness of the current debate. But once you take localism back to first principles – the ability of ordinary people to challenge their political and economic masters – you realise how narrow the debate has become in Britain, and how stuck.



The Suppliant State

‘We are dealing with people who have no initiative or civic pride,’ said Newcastle’s Chief Planning Officer in 1963, revealing the contempt of the governing classes for the governed. ‘The task surely is to break up such groupings, even though people seem to be satisfied with their miserable environment and seem to enjoy an extrovert social life in their own locality.’ The quotation goes some way to explaining how working class neighbourhoods could have been so disastrously re-developed in the 1960s and 1970s. The problem was, and remains, their imperial mindset: British government does not believe it has anything to learn from the local, whether they are people or institutions. The result is that we are increasingly supplicants to the central state.

Taken together, this combination of public sector sclerosis and private sector retrenchment is a devastating blow to local life in the UK, helped by punitive health and safety regulations, products of a cabal of corporations, central bureaucrats and risk-averse insurers. It represents a slow emptying of our institutions, a destruction of our way of life as tangible as any terrorist attack, a rotting away of the nation of shopkeepers – of imagination, innovation and pride at local level – to a miserable, slavish acceptance of whatever narrow aspects of life our centralised systems choose to deliver.

This is impoverishing our culture and the services and institutions we rely upon. It is also a far broader problem than the current debate about localism would have us believe. It represents a shift in our status as citizens, a diminution of our individual power, a reduction to the status of supplicants to giant and distant organisations, public and private and often a mixture of both. The result is a massive loss of confidence in what local people or staff can achieve, and a growing frustration with the slowness of change. This frustration feeds back into more centralisation, more sclerosis, and more centralisation again, because it gives the illusion of change without actually achieving anything.

This half century of centralisation was not a conspiracy, but there are aspects of one. Bury St Edmunds banned locally owned businesses from its new shopping development on the grounds that they were ‘untidy’. Margaret Thatcher’s Environment Secretary Kenneth Baker admitted that while he rate-capped effective councils, he refused to intervene in Militant-run Liverpool in order to prove the incompetence of local government.

But if this is no conspiracy, it is certainly a disease of complacency which has all but seized up imaginative government. It is a debilitating sickness which happens when

decisions about nearly everything to do with local services are made by mandarins, their consultants and their appointees, and when decisions about what we should be offered to buy, and how we live locally, are made by high-paid corporate executives, often in other countries.

At the heart of all this is a decadent metropolitan snobbery. It is because the contempt that the City of London feels for industry and small business, and the contempt that Whitehall civil servants feel for their local counterparts, has been swallowed whole by Labour and Conservative governments alike. That is the heart of the new Suppliant State.



Where we go from here

Can we expect any relief from the Suppliant State in the near future? Actually, yes, and because of the economic crisis. But diverse local economies seem to be considerably more resilient than ones that are dominated by a few big names.. Anecdotal evidence suggests that the most identikit clone towns are the first to suffer in the downturn, and economic survival seems likely to rely on the energy of local enterprises, and their access to the loans they need. Networks of local effective people provide the best inoculation against the social dislocation that follows from economic difficulty. Highly centralised states come under intense political pressure during recessions as need mounts, and they find themselves even less able to meet it than they were before. A policy promoting local life is absolutely urgent in economic difficulties.

Any successful policy will mean finding a proper balance between central and local decision-making. But the message of this pamphlet is that the localism agenda goes beyond simply decentralising decision-making – just as tackling the Suppliant State means more than just devolution. It means rebuilding the very engine of public service – the healing and educative relationship between doctor and patient, teacher and pupil. It means re-discovering that ordinary users of services have something to offer which society needs. It means re-writing the software the distant institutions use to manage us. And it means rebuilding the possibility of local enterprise and energy to breathe life into our local economies.

It means that localism is not just about bringing decision-making nearer people, or simply electing locals onto the boards, important as that is. The truth of the matter is that no matter how obsessed with meetings politicians are, most people will not

take part in them. They will be better managed, and probably more cost effective. There will of course be appalling local mistakes that will threaten the whole policy, though they will never be quite as bad as the cock-ups that centralised institutions are capable of (only a large centralised quango like the key worker homes agency in London could keep a third of its homes empty and get away with it).

It means this is not just the dramatic shift of power to parishes, districts and cities. Nor just the abolition of quangos or the devolution of the NHS to elected local authorities. None of that is enough to tackle the Suppliant State. It is an outline of a policy that articulates a whole critique of centralisation that goes deeper than we have done before, recognising that:

- Big administrative systems and institutions are deeply inefficient and ineffective, and therefore expensive.
- Local people and frontline staff have invaluable experience and skills and are more able to solve problems than diktat from Whitehall.
- Far from efficiency savings from centralisation, we are stuck with horrendous externalities – damaging mistakes and hospital bugs in big hospitals, disaffection and failure in factory schools.
- People want relationships with their local doctors, police, and teachers. They know face-to-face institutions deliver, while centralised institutions and private monopolies don't.
- Nothing that professionals do to make us well, to educate us or to tackle crime will work without the active involvement of those they are trying to help.
- As the huge response to the Clone Town Britain campaign showed, people want their towns to be distinctive and authentic.

It means a broader kind of localism capable of explaining why government is so ineffective, why prisons are so useless at reducing crime, why the NHS is so useless at preventing illness, why the welfare state is so useless at reducing poverty, and why Westminster is so plodding in its delivery of real change. It means that localism needs to go much further, and include measures to:

- Remove central targets and replace them with better recruitment, better training and better local management.
- Shift central inspection from tick-box computerised checklists to genuine professional mentoring.

- Re-organise local public service institutions as outreach centres that can manage the vast army of volunteers we desperately need to have any long-term impact on social issues.
- Break up and break down the monster institutions.
- Organise major anti-trust effort that will break up the biggest companies and re-introduce genuine local competition.
- Re-think business training so that it is embedded locally and more like coaching³⁷ than ubiquitous checklists.

We also need a great deal more research which is free of the assumptions of centralism, and a great deal more experiment. Despite the Government's rhetoric about active citizenship, central targets make it almost impossible to experiment with working as equal partners with patients, parents and their neighbours – even though the latest research suggests that this is the key to reducing crime and ill-health.³⁸

That is the real story of the massive crime reduction in New York City. The Treasury's *Wanless Report* also estimates that public engagement in good health might save the NHS £30 billion a year by 2022, which is half its current budget.³⁹ A recent study of police forces shows that the big national ones perform less well than the locally managed ones.⁴⁰ Progress in these areas is possible only with genuine local control, partly because irrelevant narrow targets now prevent it, partly because only local initiative can deal with frontline complexity, and partly because nobody distrusts the public more than centralised technocrats.

Most of all, it requires a shift in politics, a broadening of debate beyond the obsessive, technocratic pie-cutting of budgets to something more fundamental and related to people's lives. It means a shift in political rhetoric, being prepared to devolve responsibility to ordinary people as well as power. It means a radical new offer from politicians to the public. Not any more 'ask and you shall receive' – nobody believes that any more, least of all the suppliant voters. It needs to say: we can achieve these things, but not without your help.

The localist political dividing line is no longer between public and private, or between taxing and spending. It is between the faceless, unaccountable bureaucracies, public or private, and the small institutions have kept their spirit of face-to-face relationships. Which still feel accountable for their mistakes. Which are small enough to make things happen locally. Which can confront the fake efficiency

being peddled by the establishment, the looming future of dull, uninspiring, bite-sized education, the Teflon training that is tailored to nobody in particular, and the identikit regeneration that sucks the life out of a neighbourhood.

But it starts with the Sustainable Communities Act, putting that into effect on the ground and using it to provide an urgent first step towards shifting the relationship between central and local in Britain.



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A Green New Deal



In July 2008, **nef** published the Green New Deal on behalf of the Green New Deal Group.

Britain faces a 'triple crunch,' a combination of a credit-fuelled financial crisis, accelerating climate change and soaring energy prices underpinned by an encroaching peak in oil production. These threaten to develop into a perfect storm, the like of which has not been seen since Great Depression. To help prevent this, a group of specialists in finance, energy and the environment, meeting since early 2007 came together to develop a proposal for a Green New Deal.

It is a massive environmental transformation whose economic boost will insulate us against recession, while delivering the rapid transition needed if we are to play our role in averting runaway climate change. International in outlook, the Green New Deal requires action at local, national, regional and global levels. Focusing first on the specific needs of the UK, the Green New Deal outlines an interlocking programme of action that will require an ambitious legislative programme backed by a bold new alliance of industry, agriculture, labour and environmentalists.

The Green New Deal Group

The Green New Deal Group is, in alphabetical order: Larry Elliott, Economics Editor of *the Guardian*, Colin Hines, Co-Director of Finance for the Future, former head of Greenpeace International's Economics Unit, Tony Juniper, Environmentalist and former Director of Friends of the Earth, Jeremy Leggett, founder and Chairman of Solarcentury and SolarAid, Caroline Lucas, Green Party MEP, Richard Murphy, Co-Director of Finance for the Future and Director, Tax Research LLP, Ann Pettifor, former head of the Jubilee 2000 debt relief campaign, Campaign Director of Operation Noah, Charles Secrett, Advisor on Sustainable Development, former Director of Friends of the Earth, Andrew Simms, Policy Director, **nef** (the new economics foundation).

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