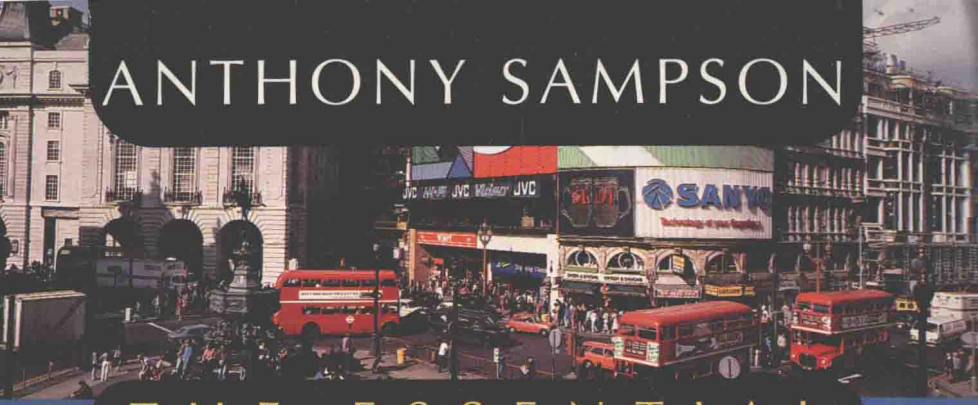
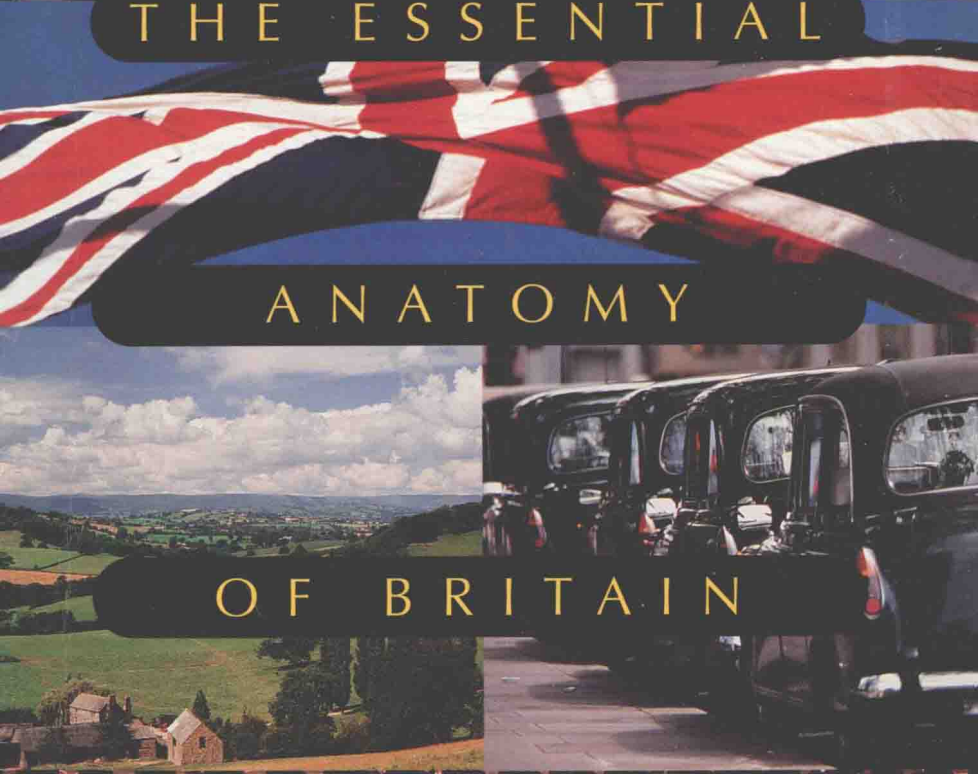
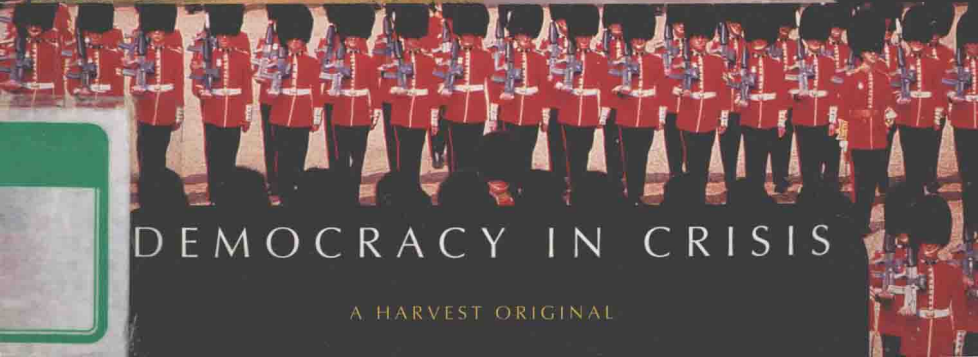
ANTHONY SAMPSON



THE ESSENTIAL ANATOMY OF BRITAIN





DEMOCRACY IN CRISIS

A HARVEST ORIGINAL

The Essential Anatomy of Britain

Democracy in Crisis

ANTHONY SAMPSON

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A B C D E

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A.S.

Preface

This is a more personal and more concentrated book than my earlier versions of *Anatomy of Britain*, which I began thirty years ago in 1962. Like earlier *Anatomies* it offers an overview of the main centres of British power, who runs them and how they interact. This one also tries to show how they have changed over those three decades – a specially interesting time-scale as a more commercial generation comes to power with no memories of wartime, while having to confront many problems which seem to recur in a roughly thirty-year cycle.

But this book, as its title suggests, focuses more sharply on essential crisis points: particularly the weakening of democratic representation which accelerated during the eighties, which has affected nearly all the power-circles, and which is still more evident in the wider context of Britain-in-Europe. The democratic crisis shows itself also in commercial areas where decision-making has been taken over by a few groups and people, most visibly in the highly-centralised media which condition many people's attitudes to life. While businesses claim to offer the consumer greater choice, major decisions are taken by a tiny group of people, and shareholders' representation is now threatened as much as the voters'.

This is not a book about politics; and I depict the political parties only as part of the larger pattern of power, control and ownership. Nor can it pretend to be comprehensive: I do not try to cover the complex workings of welfare, or the role of such professions as solicitors, accountants or doctors who are crucial and controversial, but not part of the central power-structure. I have concentrated on those overlapping circles which most clearly determine the future character of the country.

I offer the reader a personal tour of the power-circles, using occasional descriptions of typical scenes to convey the atmosphere and feel of areas of power, followed by accounts of the workings and realities which lurk beneath the façades.

The tour pursues what seemed to me a natural trail of interlocking power-circles. The first part begins with the watershed of the 1992 general election and the new parliament and political leadership which it caused. This leads on to the changing patterns of the Civil Service, the law and the special current crisis of the monarchy. It concludes with the effects of the educational system on the class structure, and the most obvious sufferers from that: the scientists and engineers who are at a clear disadvantage in comparison with continental Europe.

The second part moves to the agglomerations, upheavals and scandals in finance and insurance, and the predicament of industrial managers and small businessmen in a country dominated by powerful corporations; concluding with the most influential wielders of concentrated power, the controllers of the media.

The third part looks at the casualties of these trends during the eighties; first the workers, workless and homeless, including the voluntary travellers who now see their escape-routes and freedoms threatened; then the local councils, provincial cities and regions which have all seen much of their former autonomy disappear towards London.

As the tour progresses, it becomes less a tour of a self-contained island, more a tour of Britain-in-Europe; for the influence of European institutions and pressures is evident in almost every sphere. Many apparently purely British circles turn out to lead off the map, as the back cover of this book conveys, and I try to give some glimpses of how Britain looks from this wider perspective – whether from the parliament in Strasbourg, from the Channel Tunnel terminal, or from European cities.

Finally I show how the centralisation looks from the centre – from the viewpoint of the prime minister in Downing Street – before trying to sum up my own concerns about the weakness of democracy in the thirty-year perspective. For I believe that Britain's anatomy now shows very serious deformities, which require urgent attention, and which can only be put right by much greater public protest and involvement – which are not yet much in evidence.

Even more than my earlier books, this has had to be written with speed, as the events and problems have unfolded; and I have tried to convey that sense of immediacy and closeness. In covering so much territory so quickly I realise that I have made some mistakes, and I will be grateful for any corrections which can rectify them in the following editions. But I make no apology for painting a very wide landscape in a short time; for I hope

every reader will find it useful to look over the immediate hedges of institutions, parliamentary politics or financial market-places, on to the wide horizon of the nation and the continent which is affecting everyone's future.

Anthony Sampson, London
October 1992

Contents

I

Elections

> The English people believes itself to be free; it is gravely mistaken; it is free only during election of members of parliament; as soon as the members are elected, the people are enslaved; it is nothing. In the brief moment of its freedom, the English people make such a use of that freedom that it deserves to lose it.
>
> Jean-Jacques Rousseau, *The Social Contract*, 1743

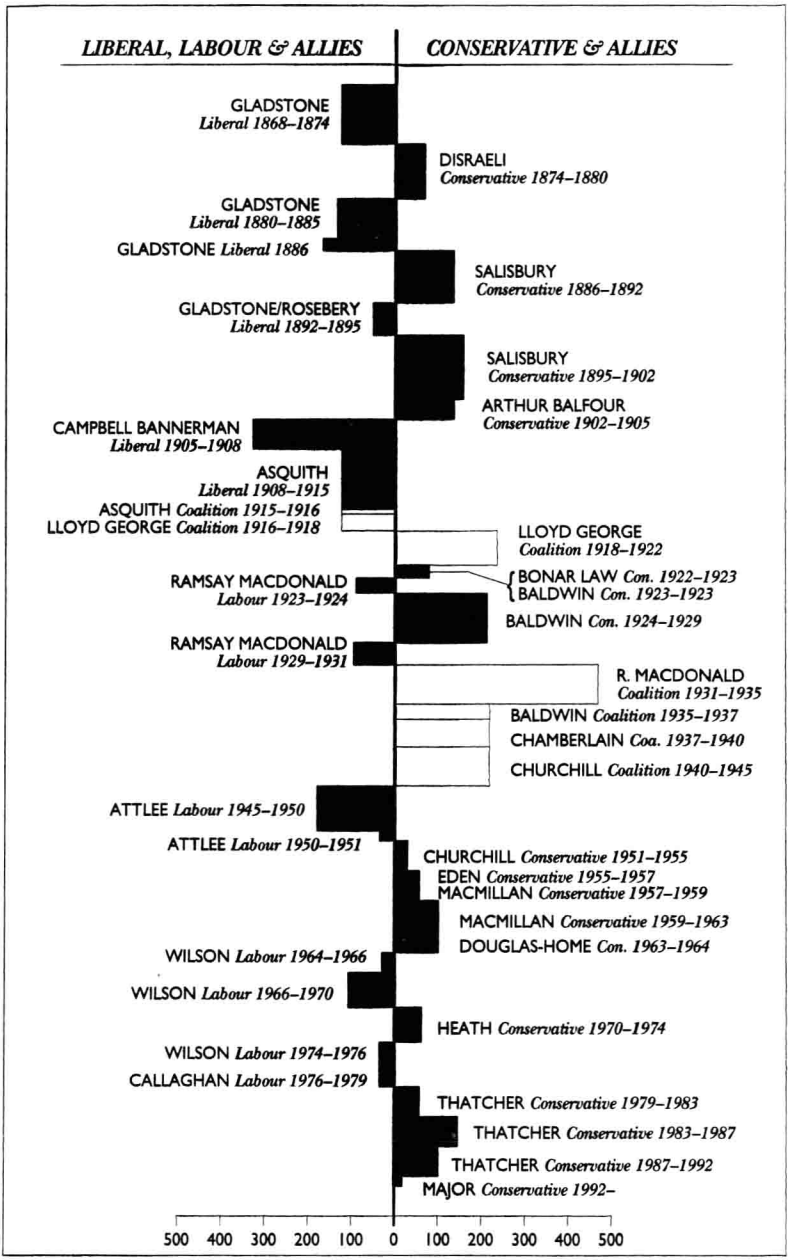
At the Savoy Hotel in April 1992 the owner of the *Daily Telegraph*, Conrad Black, was throwing an election party in the Lancaster Room, decked out with television screens and central tables loaded with lobsters. It was the traditional electoral rallying place of the Right where politicians, bankers and industrialists could celebrate their victory. But this time there was a special tension, for all through the three-week campaign the polls had predicted an end of the Tory majority; and the exit polls and the swingometer were forecasting an indecisive result, if not a Labour victory. As the first guests arrived at 11.00 p.m. they were far from celebrating: there was talk of Scotland routing the Tories, and of a hung parliament leading to another election in a few months. The few non-Tories present were expecting to enjoy the discomfiture. The financier Henry Keswick was railing against the editor of the *Financial Times* which had told its readers to vote Labour. Margaret Thatcher herself turned up looking regal, with her husband and son, to rally her old troops, some of whom wished she were still in command.

But soon there was cheering from the anxious clusters round the television screens as the first results showed Conservatives hanging on to their seats, and by midnight it was clear that the Conservatives were back in power for a fourth term. There was a palpable change of atmosphere, and relief. The rich were already richer, and the Greek playboy Taki explained that London would remain what he called 'the greatest tax

haven on earth'. The Canadian host Conrad Black appeared centre-stage like a heavyweight champion surrounded by seconds, his editor Max Hastings and his favoured columnists Paul and Frank Johnson. The many American guests seemed unsurprised: the editor Clay Felker explained that all elections were now only about taxes. Mrs Thatcher left to go on to Lord McAlpine's party where her closer supporters were celebrating. The dedicated vote-counters Alan Watkins and Anthony Howard still sat together, glued to the television screen; but most of the guests forgot about the election, and the businessmen went back to talking business: it was the end of politics for another four years.

It was not all relief. Lord Weinstock of General Electric, who had seen socialist governments come and go, was not sure it was good news. Algy Cluff, the oil tycoon, was worried about the lack of an alternative party and the signs of Tory racism in Cheltenham. Many bankers and businessmen had most of their interests abroad and were not seriously affected anyway. Most journalists were too embarrassed by their wrong predictions to bask in victory. A few Tory intellectuals were actually hoping for a spell in opposition to give them time for developing more radical ideas. Some professional politicians expected the new government soon to be facing a dangerous economic crisis, which would eventually give Labour the ammunition to mount a devastating counter-attack. And many guests, as they left in the small hours, were bewildered by a political scene with no precedent in the twentieth century: a Conservative Party in power for a likely seventeen years, without effective opponents either at home or abroad.

I left the party feeling it marked the end of the Left–Right seesaw that I had watched since the Second World War. Free market capitalism was again enthroned, with no idea powerful enough to challenge it. The Labour Party had proved unelectable; the Liberal Democrats whom I had supported could not rally votes for higher taxation or closer involvement with Europe. It was like a return to the Edwardian age before the First World War – a golden age now made familiar by television dramas about languid young men driving to romantic country-houses full of respectful servants. Yet that age was never as serene as it looked through the mists of two world wars: it was already threatened by constitutional crises, by Ireland, suffragettes and the growing Labour Party. And today, behind all the celebration, there were plenty of causes of foreboding: the gathering



recession, the chaos in Eastern Europe, the growth of the underclass. Britain was now sailing into uncharted seas.

THE PENDULUM

There were clear dangers about a single party staying in power for two decades. The British democratic system, a model for so many others, has depended on what the Victorian prime minister Lord Salisbury had called 'the great law of the pendulum'. Only at election time – as Rousseau recognised – did British electors wield any real power to achieve change. Was this one moment of choice being removed as Britain came to be governed by a single ruling party like the Japanese? The question worries not only the opposition but many Conservatives who believe passionately in the freedom of choice, political as well as economic. As one of them, Samuel Brittan, put it: 'There was always a paradox in those who proclaimed a belief in freedom wanting one person to remain in power for ever and ever, and to amass more and more centralised power.'

There have been earlier scares about a one-party state, most notably in the early sixties – when I first tried to scan Britain's anatomy – when Labour had lost three elections in a row. Richard Crossman, the socialist theorist, reckoned that since universal household suffrage began in 1884 there had been an inevitable long-term trend towards Conservatism. 'In the course of the seventy-five years up to 1959,' he wrote, 'there have been only two left-wing governments with outright majorities.' But Hugh Gaitskell, the Labour leader, saw Britain more as part of a western trend, and insisted that western prosperity was favouring any party in power: 'governments in most countries in this last decade,' he told me in 1961, 'whether of the Right or the Left, have found it pretty easy to stay in power.'

In fact the political moods were more international than they appeared to most British voters at the time. The election of President Kennedy in 1960 threatened the old guards across Europe; and Harold Wilson made the Tory government look tired under Macmillan and Sir Alec Douglas-Home. British voters were disillusioned with government rather than enthusiastic for the opposition; but they gave Labour a small majority in 1964, which they converted to a hundred with a brief boom in 1966. Soon it was the Conservatives who were afraid that the pendulum had stopped, and talked of Britain becoming a permanent social democracy like Sweden.

But public opinion all through Europe was already moving against equality and trades union power, which helped Ted Heath to his Tory victory in 1970.

In the seventies all pendulums began swinging more madly, as the oil crisis helped to topple European governments, including the Conservatives in Britain and Social Democrats in Sweden; and inflation continued to undermine any sense of stability. But by the late seventies the movements were becoming more synchronised, as the major western nations were swinging back to the right, towards privatisation and tax cuts. Even in France, where President Mitterrand still headed a nominally socialist government, he was compelled to liberalise and deregulate the economy to attract capital. The British Left took some time to realise that the western political landscape was being transformed more drastically than at any time since the Second World War; while the Conservatives were not much interested in European parallels. It was not until the late eighties that the common trends emerged more clearly in Western Europe, with the collapse of the Eastern Communist states and the discrediting of socialism. The long triumph of the Right in the eighties showed a deeper disillusion with social programmes than previous swings. Democrats in America, socialists in Britain and Social Democrats in Germany all looked to each other in vain to find a way back into power.

In the nineties the European Conservatives were all facing unexpected problems, as the Iron Curtain lifted to reveal the disappearance of their bogeyman and the full chaos in Eastern Europe and Russia. No one had foreseen the full implications of the reunification of Germany – which Mrs Thatcher had first opposed. The Bonn government, having refused to raise taxes when they first absorbed East Germany, faced far greater costs than imagined, and had to borrow on such a scale that it pushed up interest rates everywhere. All Western Europe found itself paying for the rebuilding of East Germany, which would soon be strengthening the German industrial base.

Meanwhile the West plunged into a prolonged recession, and Conservative governments forgot the peace dividend and maintained arms production as a means of employment. The old economic faiths, whether Keynesianism or monetarism, had collapsed, leaving governments to battle against inflation with no longer-term purpose. The western governments were collaborating closely in their economic policies; but with little social commitment to make them more acceptable to ordinary voters. The British

were always more part of a broad western trend than they realised; but they were in a state of confusion about their relationship with Europe. They were locked into other European economies, particularly the German; yet reluctant to become part of the political system.

EUROPE AND THE ELECTION

The election campaign of April 1992, even more than earlier campaigns, had obliterated most important issues – the environment, Northern Ireland, immigration, or world peace – because the main parties either agreed, or were both embarrassed by internal disagreements. The most glaring omission was Europe, on which much of Britain's future depended. It was a tragically missed opportunity to educate the British public, but it was obvious why it was left out. Both parties had almost torn themselves apart with their arguments about Europe. Labour had moved from being anti-European to pro-European in a few years, to the fury of the remaining anti-Europeans. Mrs Thatcher's hostility to the Community had compelled first Nigel Lawson then Sir Geoffrey Howe to resign, and precipitated her own downfall; but a year later her successor John Major faced his first major crisis by approving the modified Treaty of Maastricht in December 1991. It was hardly surprising that neither party put Europe on the agenda during the election.

Less than two months after the election was all over, Europe was back on centre-stage. The result of the Danish referendum threw the Conservatives into new turmoil and doubt about the Community. Ironically the Danes whose main interest in the Community had been selling cheese suddenly emerged as the champions of European democracy, and reminded the British people that they had been told almost nothing about the terms of the Maastricht Treaty.

There was nothing new about this ignorance of Europe. Like others who have tried to follow Britain's relations with the Community, for over thirty years I have been puzzled by this slow waltz towards the continent, advancing, retreating and moving sideways. Since Britain first applied for entry into the Community in 1962 governments had always moved by stealth. Macmillan himself had sidled into negotiations with his usual ambiguity, never prepared to weaken his American links, or to reveal that the Community was a political as much as an economic organisation. He never spelt out the implications of the first sentence of the Treaty of

Rome: 'determined to establish the foundations of an ever closer union among the European peoples.' Harold Wilson when he tried again in 1967 was still less prepared to come clean about it. When Ted Heath eventually joined Europe in 1972 he was fully committed, at a time when the Community was prepared for a new push to unity, including a common currency and foreign policy: but the next year the oil crisis and the surge of inflation divided the Community again, and soon swept Heath himself out of power. Only the subsequent Labour government, in its referendum in 1975, actually put the question of European membership to the people – 67 per cent of whom said yes – but without throwing much light on what it meant. And it was only in the late eighties that Labour became a predominantly pro-European party. Yet the workings of the Community were slowly but ineluctably transforming not only diplomacy and economic policies, but the basic structure of business, the environment and the Law.

In this broader context the British general election looked more like a local election for councillors who were allowed to discuss traffic or drainage while the big decisions were taken somewhere else. The political parties were engrossed in their personality contests, reported excitedly by Press and television; while observers from outside the island watched the political geography changing under their feet.

So it looked from Germany, where I happened to be on a lecture tour during the election campaign. The German audiences could not understand why British voters were so obsessed by one girl's operation for her ear. In Heidelberg a political scientist who specialised in British democracy showed me a paper explaining that the competition within the traditional two-party system was ill-adapted to national problem-solving or long-term analysis and planning. The Germans were themselves much concerned by the problems of Maastricht and monetary union, which were already giving them second thoughts: and they were baffled that British politicians appeared to have forgotten about them. And in East Germany I first understood the full implications of reunification. After the Bonn government failed to increase taxes to pay for it, they borrowed so heavily that all western Europe was paying higher interest-rates.

AMERICA AND EUROPE

Certainly the British were now more pro-European in one respect: they were less pro-American. In the early eighties Mrs Thatcher's policies had been profoundly influenced by American examples, whether in deregulating, denationalising, extending free enterprise or cutting taxes. And the British Conservatives, like the American Republicans, had rallied the more prosperous to vote against more public spending and taxes.

But through the eighties the British were increasingly worried by American political trends, and today neither Conservatives nor Labour look across the Atlantic for solutions to social problems as they did in the fifties or sixties. Rather they find lessons on what to avoid, including a growing underclass, disintegrating cities and the flight to suburbia which are less tolerable in the more crowded landscape of Europe; while for their industrial models they look to Japan rather than the United States. For many Britons the American dream is beginning to turn into an American nightmare.

Instead the British look more towards Europe for social models: whether to German welfare, French public transport or Dutch housing. In spite of the conspiracy of silence during the election, the political influence of Europe has been growing. On the Left, Labour leaders and trades unionists begin to see the Community as a more promising structure for fairer deals and better relations between capital and labour. On the Right, bankers and international businessmen see their future in an open European market place with a common currency and watch the Bundesbank more closely than the Bank of England.

But they cannot look to Europe for new models of democracy. The Europeans are looking back to the British, who are facing their own crisis of democracy, on three separate fronts. First, the continuation of a one-party state has severely weakened the choice of the voters, and made civil servants and others more dependent on a single set of ideas. Secondly, the political system became far more centralised in the eighties, as the Thatcher governments concentrated power on London and the Treasury, and diminished local and regional counterweights and alternative centres of influence, including the universities.

Thirdly, Britain has become more dependent on decisions in Brussels and Europe, with no accompanying democratic oversight or control. The processes of 'ever closer union' have become still more remote from the

public participation or understanding, as the revolt against Maastricht revealed. And now in the midst of recession the British are locked into the strict discipline of the Exchange Rate Mechanism, about which most people know nothing.

These three problems of democracy – the centralisation, the one-party government and the lack of European democracy – will recur through the following chapters about the British political system. And they are all to be seen in the central forum of democracy, the mother of parliaments.