

# The Telegraph

## Politics interfering with every part of our lives is the last thing we need

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March 22, 2019

How many of you think there's too little politics in our lives? Personally, I find it exhausting that you can't get your fix of dog photos or engagement announcements on Facebook without seeing a Nigel Farage speech or reading a long-lost friend banging on about austerity. I'm not unusual. Few things unite Remainers and Leavers, but 68pc of both told pollsters this week that they had "Brexit fatigue." A Google search of "we need more politics in our lives" is instructive – it returns just two results. Both are ironic.

Yet more politics is precisely what "democratic socialists" desire. Not only do the more radical Democrats in the US and Corbyn's Labour want to bring more activity under government control, they also want to extend politics into every nook and cranny of our existence. In commentator Owen Jones's words, modern socialism is "the democratisation of every aspect of society". And where there are collective mechanisms for making decisions, there is politics.

We Brexit voters might be despondent about the merits of democratic expression. But we should fear not. Under socialism, we'd get a democratic voice in the workplace too. Yes, it will start innocuously enough with workers on boards, as in Germany. John McDonnell's so-called "inclusive ownership fund" to force large companies to create worker-owners with up to a 10pc stake in their business is the next stepping stone.

But read the intellectuals of this neo-socialist movement, and you soon see the eventual goal: nationalised industries where possible; enforced mutuals, social enterprises and worker co-operatives for everything else. This form of socialism isn't about eliminating all private property, but shareholder capitalism. Consumer-led capitalism is, in an important sense, already democratic. The economist Lionel Robbins once described market competition as the process by which "thousands of people cast their votes for the hundreds of products and services on offer, and from the competition to win their votes, better and better products and services arise". Viewed this way, capitalism disperses power. Not according to "one man, one vote", but "£1, one vote." For socialists, this power is irrelevant: it's ownership, not consumption, that matters.

Yet, there's nothing to stop worker or consumer-ownership in a capitalist society either. John Lewis is a company owned in trust for its employees, who receive a share of the profits. Before the days of statutory regulation, even the London Stock Exchange was a mutual. Employee share ownership is common among big tech firms in Silicon Valley and is incentivised through the UK tax code. If co-operatives and mutuals really do harness dispersed information and align

incentives to engender more economic success, why don't socialists advocate creating these firms and outcompeting shareholder businesses, rather than seeking coercive government edicts?

The simple answer, of course, is that this co-operative model is not appropriate for all types of business. In fact, for many companies, its roll-out would bring all the maladies we see in politics into our workplaces, while politicising the whole business community at a national level.

It would be too costly and time-consuming for large firms to have a referendum of worker-owners on every business decision. Disinterested workers with small stakes wouldn't want it anyway. So mechanisms would be needed to aggregate their "voice". That means elections or worker-owner representatives on a board, perhaps with fixed terms and term limits.

But as soon as you introduce that you get all the issues and incentive problems we see in Westminster. Would it be one worker-owner, one vote? Or would full-time management get more votes than part-time or lower-level employees?

Short-termism would abound. Worker-owners, one would imagine, would vote for people more likely to help them as current employees than ensure longer-term profitability.

Interest groups would quickly form. Older employees would prefer to allocate funds to shore up pension plans. Younger parents would want more in the way of benefits or time-off for parenting or other pursuits, provided it didn't hit near-term profitability too much. All worker-owners might have mixed feelings about investments in labour-saving technologies, R&D projects, or closures of parts of the business, particularly when the effects are highly uncertain or long term. The problems above are compounded because, even if a worker-owner did not like the way a company was being run, he or she would have to leave their job. In the former Yugoslavia, all these problems of industrial democracy resulted in underinvestment and slow growth.

Inevitably, these ownership forms mean the politicisation of the business community itself. Mutuels and co-operatives would find it incredibly difficult to raise capital to start up or survive. That's why socialists advocate regional and national banks to provide funds for new ventures and firm expansion. That, of course, entails the government picking winners and losers – a recipe for severe cronyism. Pretty soon the model of "worker democracy" promised becomes a matter for government control.

All socialist experiments start with the lofty ambition of spreading democracy and empowering workers. The problem is that when the economic impact of "democratic" planning bites, or workers' groups deviate from the central government plan, or new businesses need funding, the planning government steps in. Where the state becomes an ever-important financial intermediary, its money comes with conditions. Other social ambitions feed into policy. Combined with nationalisations, the important market signals from profit and loss, prices and competition for finance are eroded. Power creeps up towards technocrats and those perceived to have expertise.

Today's Brexit politics might seem all consuming. But just imagine a world in which every aspect of your life is decided by the whims of national, local or firm-level politicians purporting to be your "representatives" too. Democracy is important for sorting major constitutional

decisions and collective action problems. But too much of it can be corrosive in the economic sphere.

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