

A Citizen's Democracy

The Rt. Hon. John Smith QC MP

Leader of the Labour Party

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CHARTER 88



INTRODUCTION BY BARONESS SMITH OF GILMOREHILL

My husband's passionate concern for social justice and equal opportunity was well known. His beliefs underpinned his political commitment to the Labour Party and to his mission of public service. However, perhaps less widely acknowledged was his strong interest in issues of democratic and constitutional reform. As Leader of the Labour Party he encouraged the adoption of a radical programme of constitutional reform more comprehensive than at any time in the Party's history. Today Labour is committed to a *Bill of Rights* based on the European Convention on Human Rights, to a *Freedom of Information Act*, to *reform of the House of Lords*, and to a *referendum on our electoral system*. It is a large legislative programme which John wanted to make a hallmark of the next Labour Government. He gave the Labour Party the task of giving the UK a new constitution for the new century.

The most important of his many speeches on the subject was a lecture he gave to Charter 88 in March 1993. The speech highlights John's deep concern for the quality of our democratic life. For him constitutional reform was not an academic exercise, and certainly not a debate only of interest to the so-called 'chattering classes'. Indeed, he believed that ordinary people were also much more aware of our decaying structures of government than is often supposed. The Charter 88 speech reprinted here I hope conveys the sense of urgency and determination that John felt about constitutional reform.

John was the last minister to tackle major constitutional change during the devolution legislation of the 1970s. I believe that it is time we again had a government willing to deal with Britain's long overdue need for constitutional and democratic reform – completing the work which John often described as his unfinished business.

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A Gallup survey for the *Daily Telegraph* last week painted a very depressing picture of the way people in Britain today feel about their country and its institutions. It revealed a significant and worrying loss of confidence in Parliament, in our justice system, and in the way the country is governed. Only a tiny number of those questioned believed – in the words of John Major – that Britain is a country at ease with itself.

I have no hesitation in saying there is an undeniable and pressing need for constitutional reform in this country. Undeniable because – as I hope to demonstrate – our structures and institutions are clearly failing properly to represent the people they were set in place to serve. And pressing because of the mounting sense of disenchantment and cynicism amongst the people of this country about our political system, a deeply disturbing trend that must be checked if we are to secure the future health of our democracy.

I am arguing for a new constitutional settlement, a new deal between the people and the state that puts the citizen centre stage. A deal that gives people new powers and a stronger voice in the affairs of the nation. And a deal that restores a sense of cohesion and vitality to our national life.

I want to see a fundamental shift in the balance of power between the citizen and the state – a shift away from an overpowering state to a citizen's democracy where people have rights and powers and where they are served by accountable and responsive government.

It used to be said that the subject of constitutional reform was of interest to no-one but the so-called chattering classes. Critics considered it a distraction from

the bread and butter issues that matter to most voters. But in this atmosphere of decline and gloom, it is abundantly clear that people across the nation do care deeply about the way they are governed, and they feel angry and frustrated with a system that isn't working.

So our crumbling constitution can no longer be dismissed as a side-show. It is at the heart of what is wrong with our country. People care, and they want change.

Indeed, the more we scrutinise the way in which we are governed and the lack of legal rights at our disposal, the more clear it becomes that our present democratic process is both anachronistic and inadequate.

Fortunately there is a growing awareness of the gnawing deficiencies which increasingly diminish our democracy. That this is so is in a large part due to the pioneering campaign of Charter 88.

The failings of our present system of government can be easily identified.

First of all, too much power is held at the centre. One of the most significant features of the past fourteen years of Conservative rule has been the relentless centralisation of power, a process that has severely weakened our democracy and alienated government from the people.

It is indeed ironic that those who talked about rolling back the state have done more than anyone else in our peacetime history to increase the powers of the instruments of central government.

The Tories have systematically and cynically removed the powers of local authorities and placed them either in the hands of the executive or of agencies directly appointed by central government. At the same time, an

entire level of local government has been removed with the abolition of the metropolitan counties. Over a whole range of areas like housing, education, urban development, and transport, power has been clawed back to the centre at the expense of local accountability and local democracy.

There have been almost 150 items of legislation altering the responsibilities and functions of local government since 1979, leaving them crippled, demoralised, and unable effectively to deliver the services to their communities which – in a properly functioning democracy – they should be best placed to perform.

And as we know, the flip-side of removing the powers of local government has been to create a whole new tier of unelected agencies. Appointed bodies now carry out a large proportion of public functions, bodies that are of course stacked with Tory sympathisers whose performance is not open to public scrutiny and who, in the conduct of their duties, are accountable to no-one but the Prime Minister or a Secretary of State. In this way a new branch of quasi-government has taken shape, in the form of an unelected elite assuming responsibility for a large part of local governance.

In a recent lecture, Professor John Stewart of the School of Public Policy at Birmingham University used the term 'a new magistracy' to describe the people now making up the boards of health authorities and hospital trusts, Training and Enterprise Councils, the governors of grant-maintained schools, colleges of further education and Housing Action Trusts.

"There is no sense" said Professor Stewart, "in which those appointed can be regarded as locally accountable". And whilst accountability must inevitably switch to the centre, Professor Stewart warned: "It is likely that the increasing burden of accountability on ministers will not be matched by an acceptance of responsibilities".

So the result in practice is that new political magistracy is accountable to no-one at all.

These hallmarks of Conservative rule – the centralisation of power to the executive, the weakening of local government and its replacement by appointed bodies – have brought about a change to our system that must not be underestimated.

It has meant that the entire process of governance has been transformed in Britain over the last fourteen years. And since the main feature of this transformation has been a loss of democratic accountability, which nobody can deny, then it is a process which should alarm anyone who cares about the health of our democracy and who has in the past taken pride in the supposed effective functioning of our unwritten constitution.

There is another failing which is often overlooked but which I believe matters greatly to citizens in many parts

of the United Kingdom. We have a government that totally ignores the diverse national and regional identities of the British people. The citizens of Scotland and Wales and entire regions of England see their views and aspirations neglected by their government. Policies are imposed upon them which are wholly at odds with their wishes. This failure reinforces people's sense of powerlessness and feeling of alienation.

It is clear to me that the institutions that purport to embody our country's democracy no longer do so. Instead, they hold real democracy back.

Central government is dictatorial and remote. Local government is too seriously weakened after fourteen years of systematic undermining by the centre to carry out its functions effectively. And in towns and communities throughout the country, individuals and families feel they have no say, no voice, no influence over the decisions which directly affect their lives, and no defence against the oppressive power of the state – the state which is supposed to serve their needs but which, all too often, appears to do the very opposite.

This is the regrettable condition of our democracy in Britain today and this is why I believe there is an undeniable and pressing need for reform.

Even if our country were being well-run and effectively governed, which it is not, there would still be a need for reform.

We are after all on the threshold of a new century. Our society has changed massively during our own lifetime as it did during the lifetime of our parents. Our lifestyles are different, our attitudes are different, our expectations are different. As a society and as individuals, we are more demanding, more enquiring and – thank goodness – less deferential. We need a more sophisticated and more open system of government.

Are we going to limp into the twenty-first century on a constitution built for the nineteenth? Are we going to face the demands of a new era dressed in a set of clothes that were tailored for our ancestors? Or are we going to shake off that which is cumbersome and archaic, and cut for ourselves a new cloth that fits today's needs and equips us for tomorrow's challenges?

It is time to bring our constitution up to date.

To do this we have first to remould our structures of government. Our objective must be to construct a system that, to the greatest degree possible, represents and serves the interests of all of the people of this country. All of the people. Not just those whose views and aspirations happen to coincide with those of the party in power.

The first step towards a more mature democracy must be a renaissance of local government.

I want to see in this country a strong and accountable network of local authorities. They should be given clear statutory powers, a reasonable and stable financial structure, and enough autonomy to find practical local solutions to their communities' problems.

It is at this local level that government is best able to respond effectively to the day-to-day needs of people and communities. Needs like day-care centres and well-lit streets. Needs like reliable public transport and good schools. Needs like homes. Needs like community care. Across Britain these needs are simply not being met. We must build structures that have the power to meet these basic needs, to set priorities and to plan properly for the future of our communities.

I have no doubt that a revitalised local government, based on the active involvement of local citizens, will go a long way towards rebuilding civic pride and social cohesion in the communities of Britain.

Secondly, I believe we need a new tier of government for Scotland and Wales and for the regions of England. A tier of government that respects the diversity of the British people and reflects their different needs and concerns. Government decentralised from Whitehall, and close enough to the people for them to take effective control over areas of policy like health, education, employment, transport, planning, and industrial development.

The needs and priorities in all of these matters are not the same country-wide. A single, one-size-fits-all approach is not the answer. In a mature democracy, power ought to be decentralised to the level most appropriate to deal with the people's needs. And in Britain that must mean regional government in England, a parliament for Scotland and a Welsh assembly.

The creation of a regional tier of government will be of immense importance in the European context. It will offer tremendous opportunities for cross-linking with other regions of the Community, establishing new connections in all kinds of fields of activity – cultural, educational, and industrial.

If we look at the rest of Europe, it is this unit of government which is increasing in power and influence. Regions like Bavaria and Catalonia, often with long and proud independent histories, are taking more control over their own affairs, developing their own industrial strategy and setting their own priorities in education, health and transport. And in doing so they are instilling a new sense of pride amongst the people within the broader framework of the nation state.

The closer we in Britain move in line with the rest of Europe in our structures of government, the easier it will

be to connect with our Community partners. And it is through these connections, this cross-linking between regions, that we will create a living Community, sharing our knowledge and expertise and building on our rich diversity.

So I believe we must replace the out-dated idea of the all-powerful nation state with a new and dynamic framework of government. I argue that in the modern European state there should be four distinct levels of government, a structure which recognises the value of municipal, regional, national and European decision-making, based firmly on the principle of subsidiarity – power taken as close to the people as possible.

People see themselves as members of a local community, as belonging to a region, as having a distinct and proud national identity and, increasingly, as Europeans as well. All of these levels of identity and participation should be respected, encouraged and represented by new democratic structures.

And between each level of government there must be a proper dialogue – a word not often heard from the present cabinet. A constant dialogue to ensure that policies are working, resources are being used in the most efficient way, and that people's needs are being met.

So, the first step towards a citizen's democracy must be to create new structures of government that are more accountable, more responsive, and more relevant to our modern society.

The next step must be to strengthen people's individual rights.

It is easy to forget that the role of government in our society ought to be instrumental and subordinate – subordinate, above all, to the democratic will. After all, its *raison d'être* is to serve the people. And because of the enormous power of government in modern society, the people need greater safeguards against abuse of that power.

The Labour Party's concern for the rights of the citizen is long-standing and deep-rooted. It is worth reminding ourselves that it was the Attlee Government, in 1950, that put Britain amongst the first countries to sign the European Convention on Human Rights. And it was the Wilson Government in the 1960s and 70s that passed pioneering Race Relations, Equal Pay and Sex Discrimination Acts.

But today, Britain is alone amongst major Western European nations in not laying down in law the basic rights of its people, and in not giving its people a direct means of asserting those rights through the country's courts.

The justification often offered is that in Britain the citizen is protected by the rights and freedoms

established by the common law. But those rights and freedoms, important as they are, are incomplete, ill-defined and, perhaps most importantly of all, not immediately accessible to, or understood by, the ordinary citizen. And the extent and limits of those rights are controlled by the judges and not by Parliament.

This is a significant weakness. The task of judges is to interpret and apply law, not to make it. Democracy demands that fundamental rules governing citizen's behaviour, and fundamental rights protecting citizen's freedoms, should be decided by Parliament and not by the judges. If we leave things as they are, we really are accepting that the final say will continue to be in the hands of people who, whatever their other merits may be, are unelected and therefore unqualified to be law-makers.

The quickest and simplest way of achieving democratic and legal recognition of a substantial package of human rights would be by incorporating into British law the European Convention on Human Rights.

At the moment, British citizens who seek the protection of the Convention must appeal to the Commission and Court in Strasbourg. That process is intolerably slow: three years at a minimum, sometimes as long as nine years. Only the most determined people, or those who are supported by pressure groups, are likely to stay the course. And whilst the process grinds on, the abuse of rights at home continues.

The failure directly to incorporate the Convention into British law has another unwelcome effect. Although the British government is subject to the requirements of the Convention, the present set-up makes the protection of basic rights appear difficult, remote, and even foreign. It reinforces an atmosphere that suggests that basic rights are not that important, and that the government regards them as a nuisance rather than, as it should, as a primary obligation.

This view is reinforced in the courts. The judges will take note of the requirements of the Convention when interpreting legislation that is ambiguous or uncertain. But in the absence of Parliamentary instructions to the contrary, they have – perfectly properly in the light of the present rules – made it plain that if a law exists that affects human rights in a way that clearly breaches the Convention, it will be that law, and not the requirements of the Convention, that they will enforce.

The Convention is not a vague, untested or uncertain code, but a mature statement of rights which has been interpreted and applied over many years by an expert court in Strasbourg. To bring the Convention directly into British law would not be to introduce some new, foreign or alien being. Our law is

already, and has been since 1950, ultimately subject to the requirements of the Convention. What is needed now is to make that protection real and accessible to our citizens, instead of a last resort available after years of struggle and litigation. Incorporation could be achieved fairly easily. Parliament should pass a Human Rights Act that incorporates the rules of the Convention directly into British law, and gives citizens the right to enforce those rules in the courts.

Although in technical terms a British Act of Parliament cannot be entrenched, effective protection of the Human Rights Act from undermining by the courts would be provided by a clause requiring that any other Act that intended to introduce laws inconsistent with the Convention must do so specifically and in express terms.

In a modern democracy, Parliament must decide what rights should apply, and should set them out in a manner that citizens can understand for themselves. Under these proposals, it would not be left to the discretion of the judges, or to archaeological investigations by legal and constitutional experts, to decide what protections citizens do and do not have.

The rights we seek to protect are those of the individual against the state. The Human Rights Act would therefore provide that its protections could only be relied on by individuals, not by companies or organisations. We do not want to repeat here the confusion and injustice that has occurred in some other countries, where companies and commercial organisations have tried to resist social legislation controlling their activities by claiming that it infringes their 'human' rights.

And the Human Rights Act is not designed to alter existing legal relations between individuals, but to protect individuals from state power. So the bodies that would be subject to the Act would be state and state-related ones: national and local government, the police and any organisation that exercises state power.

Subject to this, all government activity, and all existing and future law, would be subject to the Human Rights legislation.

My own view is that the rights the legislation conferred should be asserted in the first instance through the ordinary courts, rather than by some system of special tribunals.

It is essential that regards for human rights pervades the work of all courts, and is recognised as an integral part of their work, for which courts bear direct responsibility; whether they are criminal courts dealing with claims of wrongful conviction or civil courts looking at government bans on free speech. That responsibility must be put on the regular courts, and the judges of those courts must be trained and be ready to respond to the challenge.

To assist the courts, and also to assist individuals in asserting their rights, there should be established an independent Human Rights Commission, along the lines of the Equal Opportunities Commission and Commission for Racial Equality that were established by Labour governments. The Commission would monitor the operation of the Human Rights Act; provide advice and support for those who wish to assert their rights; and where necessary itself institute cases to confirm or clarify particularly important issues. The Commission would thus act as a focus for human rights activities; and ensure that the protection of the public was not left to the accident of individual enthusiasm or willingness to pursue cases.

The next step towards building a citizen's democracy must be to make the law work more effectively on behalf of the people.

Because individual rights and social justice lie at the very heart of our programme of citizenship, I believe we need now to establish a new Ministry of Justice to be responsible for the administration of the law in its entirety. There is a clear need for such a Ministry, for a number of reasons.

At the moment, the issue of law reform is, at least in England and Wales, confusingly dispersed amongst government departments. The Lord Chancellor's Department keeps civil law up to date, but criminal law is dealt with by the Home Office, and other departments like the DTI sometimes consider specific cases their own. A single Ministry of Justice, giving direction and purpose to a proper programme for the reform, modernisation and constant up-dating of the law, would give a much-needed stimulus to this important but sorely neglected area.

Secondly, there is at present no single government body with overall responsibility for the quality of our justice system. In England and Wales, the Attorney General is in charge of justice issues generally, and for control of the Crown Prosecution Service. But the number of tragic miscarriages of justice that have recently come to light provide compelling evidence that a much higher priority needs to be given to safeguarding the quality of justice in this country.

A new Ministry of Justice would undertake a distinct and specific responsibility for ensuring that all those working in the justice system observe high standards, and that the whole system is efficient, fair and just.

Third, our determination to strengthen individual rights will inevitably make new and heavy demands on our legal system. A necessary and important function of the Ministry of Justice would be to ensure the observation and promotion of human rights throughout the court and justice system.

Of course, it is no use whatever reforming the law and setting up new and better structures for the delivery of justice in our land if they remain out of the reach of the people.

For justice to have any real meaning, people must have access to the law.

The Government's disgraceful plans to slash the Legal Aid budget have been rightly and angrily condemned by the whole legal profession as well as by many voluntary and consumer bodies.

As is customary with this government, the decision was made without consultation, and when the professional bodies came up with an alternative package of economies that would have avoided the disastrous consequences of the government's scheme, it was rejected out of hand.

My colleague Lord Irvine has estimated that the cuts will take close on forty per cent of households out of legal aid altogether. In future, only the very rich or the very poor will be able to afford the protection of the courts, denying millions of others the exercise of their rights.

The undermining of the Legal Aid system makes a mockery of any remaining pretence by the government that it believes in genuine individual rights. Restoring legal aid to a proper basis would do more for ordinary people and their rights than a dozen so-called Citizen's Charters stood end to end. This should never be viewed simply as a matter of public finance: access to the law must be seen as a vital constitutional right.

Far from cutting access to the law, we must improve it by developing a fully integrated network of advice centres and law centres across Britain, so that any citizen can walk in, seek advice, and know that justice is not simply an abstract concept but a real and practical force in this country. Unless we achieve that, all the laws and reforms in the world will be a waste of time.

If access to the law is essential for justice, so access to information is vital for democracy. A further important step toward achieving a citizen's democracy must be freedom of information.

Everyone should have a right to know what the Government knows and does on their behalf. And yet a culture of secrecy pervades our government. It is a culture that serves only to conceal mistakes, to protect decision-makers from challenge, to defend them from criticism, and to secure political advantage and control

Ten months ago speaking in the debate on the Queen's Speech, John Major promised to "sweep away many of the cobwebs of secrecy which needlessly veil too much of Government business". This bold statement was followed a little later by release of the name of the Head of M16 and the publication of the list of Cabinet

Committees – top secret information which, I have to say, came as no surprise to any moderately serious Whitehall-watcher or aficionado or the world of espionage.

Not exactly a searchlight into the dark recesses of government – more like a cheap torch with very weak batteries.

Surely the best way to judge John Major's commitment to open government is to consider not those things he wanted us to know about over the last ten months but those his Government wished to keep secret; matters as varied as the Matrix-Churchill papers, the payments of Norman Lamont's legal fees, and the differing legal advice over the Opposition's Social Chapter amendment to the Maastricht Treaty – and perhaps, the events before Black Wednesday and the Bundesbank's offer of a re-alignment of the EMS – the full truth of which I expect is no doubt intended to remain hidden until after the release of the official papers thirty years from now.

The simple truth is that you cannot with any credibility seek to blow the cobwebs of secrecy away from government without a Freedom of Information Act.

The *Financial Times* made this point powerfully in a leading article last year. "The Major Government," the *FT* wrote, "wants to create a culture in which the government machine releases willingly the information which the citizen needs. Such paternalism is not good enough: it is for the citizen to make the decision about what he or she wants to know." The *FT* concluded by urging the government "to take on the vested interests which resist a Freedom of Information Act". (*FT* May 20TH 1992)

If Mr. Major wants to follow up the *FT*'s advice the perfect opportunity is now at hand. Last month my colleague Mark Fisher MP obtained a second reading for his *Right to Know* Bill. A success well deserved not least because of the excellent speech Mark made in defence of the principle of freedom of information. However, the Bill now faces the hazards of the Committee stages in which the forces of darkness and officials secrecy will seek to filibuster the legislation to death.

I hope the Bill survives. The citizens of this country need a Freedom of Information Act because they have a right to know the facts. Of course, there must be carefully drawn exemptions relating to national security and foreign relations, law enforcement, personal privacy and commercial confidentiality. But crucially the burden of proof for withholding information should rest with the government justifying their argument case by case to an independent system of appeal.

Opponents of legislation on freedom of information frequently resort to arguments about excessive cost and bureaucracy. But that has not been the experience of Australia, Canada and New Zealand, all of which

introduced freedom of information legislation in 1984 and which have similar parliamentary and judicial systems to our own. In 1990–91 the legislation cost £11.5 million in Canada and £5.8 million in Australia – a country where only sixty-eight of 25,000 applications went to appeal.

Freedom of information is, I believe, an inescapable and inevitable development in democratic and responsible government. It will lead not just to better government but to empowered citizens. Giving people the facts about government decisions. The facts about the safety of buildings and side effects of medicines. The facts about how government money is spent.

For example, a recent investigation by *The Independent* newspaper and the magazine *Computer Weekly* found that Wessex Regional Health Authority wasted more than twenty million pounds of public money on a botched attempt to install a new computer system. Why should the Authority be allowed to keep secret the documents that throw light on its own mismanagement? Why did the Health Secretary Virginia Bottomley, who has known about the case for more than a year, not released the information or taken any action? Is it not absurd that the citizens of this country have no legal right to know the facts, even when it is their money that has been wasted?

Legislation, however, is not enough. Openness as a principle must underlie the very structure of the citizen's democracy to which we aspire.

We need a different style of government in which open decision-making, wide participation and keen debate are encouraged and accepted as essential components of an open society.

We must strive to build a system in which people know how the complex structures of government operate – where power is held, and how decisions are reached. We must start from a principle of openness in which secrecy and closed-decision-making has to be properly justified – and that means changing a culture of secrecy and privilege to a culture of openness and access by right.

To illustrate this point consider the changes I think are long overdue in the area of economic policy.

British economic policy-making today is conducted with a degree of secrecy that is not merely unnecessary and inefficient but also fundamentally undemocratic. Key aspects of policy are determined by government ministers and senior officials in ways which conceal gross errors, distort the facts, and seriously diminish the executive's accountability to Parliament and the people. This is nowhere more apparent than in the budget-making process.

The secrecy that precedes the annual Budget, and the absurd period of *purdah* into which the Chancellor of the Exchequer disappears before the statement to the House of Commons, is almost entirely designed to maximise the political convenience of the government. It does nothing whatsoever to encourage an informed debate about the conduct of economic-policy.

This year we will see the first 'unified' budget which will bring together public expenditure and revenue raising decisions into a single statement. As Shadow Chancellor in the last parliament I proposed this change and I welcome it. But I believe the reforms do not go far enough.

What we desperately need in this country is a much more informed and wide ranging debate about the state of the economy and its future direction before the annual budget decisions are actually made. At present we have not so much a budget debate as a theatrical event shrouded in secrecy until the Chancellor pulls yet another rabbit out of the Treasury hat. Given the appalling failures of economic policy over the last decade and more, I think the case for radical change is irresistible.

To encourage debate and to open up the decision-making process there is a strong case for publishing a 'Green Budget' – akin to government green papers – before the final budget decisions are made. Along these lines the Labour Party supports the publication of an annual *State of the Nation* report, made available some months before the final budget which would provide a medium term assessment of the options of economic policy – including issues of taxation reform and the trends in public spending. Such a report would then become the basis of a wide-ranging debate on national and regional economic priorities.

Clearly this approach would only make sense if we end the ritual of pre-budget *purdah*. Governments must ultimately, of course, make their own decisions – and in certain cases keep some proposed tax changes secret to limit the scope for anticipatory avoidance for those with access to smart accountants – but this necessary precaution does not justify the excessive secrecy of the present budget process.

Equally important to further budget reform are changes to the way in which the government draws up its economic forecasts and manages official statistics. Both have been brought into serious disrepute by a Conservative Government that has consistently sought to manipulate them for political advantage.

For example, in October The *Financial Times* reported that, before last year's budget, Norman Lamont issued an internal note to his Treasury officials to recalculate

projections for the public sector borrowing requirement in the five years to 1996–7 to pull these down to zero by the end of the period. Indeed such figures were eventually included in the Budget statement made just days before the beginning of the general election campaign. We know now, of course, that the PSBR forecasts made at that time were wildly inaccurate – a totally false projection of the true state of the public finances.

There have been similar difficulties with official statistics. Notoriously, changing the method of calculating the unemployment figures some twenty times, and the removal altogether of some embarrassing data such as the low income statistics. Only last month it was confirmed that ministers in some instances had as much as nine days' notice of key statistics – providing a huge potential for planned news management by government ministers.

To overcome the potential for abuse and political manipulation there are some simple steps which I believe are now an urgent necessity.

Firstly the government's economic forecasts, and the assumptions upon which they are made, should be independently 'audited' for accuracy and honesty. Perhaps the new Treasury panel of forecasters would be well placed to perform this role.

Secondly the Central Statistical Office should be made statutorily independent, accountable to Parliament for the provision of reliable statistics and supervised by an advisory expert panel.

Reform to budget-making, making the process more open and transparent, combined with steps to guarantee the integrity of official forecasts and statistics naturally complement legislation for freedom of information. They are essential ingredients for the revitalisation and modernisation of our systems of government.

But the principles of openness and accountability are not limited to government – the same agenda of citizenship applies with equal force to the private sector. Just as good government needs the stimulus of an informed electorate, so markets need the spur of empowered consumers.

That is why a parallel agenda of consumer rights is needed alongside reforms to the machinery of government. People should be entitled as a matter of right to accurate information on the goods and services they buy – from food to pension schemes. They should also be protected by tough safety standards, by comprehensive guarantees and clear contracts, and provided with fast and simple remedies if things go wrong. These are essential elements of the competitive market system forcing higher standards, lower prices and better quality products.

Similarly freedom of information is not a principle that should only be applied to government – it is just as important for the good governance of industry and business. More disclosure by companies about their performance on a wide range of issues such as research and development, environmental policy, health and safety, and standards of financial reporting are becoming inevitable. The publication last year of the final report of the Cadbury report on Corporate Governance is in itself an indication of this trend and of growing public concern.

It is only a matter of time, I believe, before the cobwebs of unnecessary secrecy around the British boardroom are blown away.

Take the controversial issue of the pay and remuneration of company directors. Despite the gentle encouragements of the Cadbury Committee for greater openness, few British companies disclose the details of their directors' pay packages.

According to a survey by Company Reporting last summer only ten per cent reveal the amount paid to directors in bonuses and just three per cent show how these bonuses are calculated. This when there is evidence that bonus systems and executive share option schemes have been boosting director's remuneration at a time of collapsing company profits.

Such secrecy rests uneasily with the Cadbury Committee's recommendation that "Shareholders are entitled to a full and clear statement of directors' present and future benefits and how they have been determined." It also contrasts sharply with the regulations for complete disclosure of the entire pay package of top executives now insisted upon by the Securities and Exchange Commission in the U.S. At present only eight companies in the FTSE 100 index comply wholly with the significantly easier pay code merely recommended by the Cadbury Committee. The issue of full disclosure of directors pay is just too important – not least for the good conduct of industrial relations – to allow this kind of secrecy and complacency to continue unchecked.

My argument is that in a mature democracy, openness and freedom of information are principles which should be applied as much as possible to all institutions whether privately or publicly owned.

This evening I have attempted to set out what I believe to be the essential ingredients of a mature democracy for our country.

I have deliberately not touched on our voting system. As many of you will be aware, the Plant Commission on Electoral Reform is soon to publish its report. It would not be appropriate for me as Leader of the Labour Party to seek to anticipate or pre-empt its conclusions, and I

will not do so. However, I look forward to the important and stimulating debate which the Report will no doubt engender.

Nor has there been time this evening to address other important issues like reform of the House of Lords. I share the widespread desire in the Labour Party to see the House of Lords replaced with an elected Second Chamber. I can see no possible merit in the continuance of a system which allows people to participate in the passing of legislation on the basis of a hereditary principle dating from the Middle Ages.

The future of the House of Lords is one of the issues being considered by the Labour Party's Constitutional Committee chaired by Tony Blair and Richard Rosser. This was set up last autumn and it will report to our annual conference in October this year with what I hope will be a new and radical constitutional agenda for the twenty-first century.

Our concern is to seek out new and better ways of enabling all of the people of this country to live decent and fulfilling lives.

We believe people can only thrive and achieve their potential when they are backed up by a strong and cohesive society. Society should function to nurture and empower people, to help them develop as independent and responsible citizens.

But where society holds them back, through autocratic government, through excessive secrecy, or through the over-concentration of power – public or private, we must seek to change it.

Where the voice of the people is being ignored, we must find new ways of expressing it.

Where the needs of the people are being neglected, we must find new ways of reaching out to them.

Where the rights of the people are being abused, we must find new ways of asserting them.

Where our democracy is failing, we must find new ways of giving it life.

I believe there are many powerful reasons why the British people should elect a Labour government. Not least of those reasons is that we will bring a better style of government to this country and strive to build a more open society where the interests of the people take precedence over the power of the state. I hope you will join me in working to construct the mature democracy Britain needs to take us forward into the next century.



EDITED REPLIES TO QUESTIONS FROM THE FLOOR

ON LOCAL GOVERNMENT

Local government's not perfect, but it does not justify the sustained denigration that has been aimed at it over recent years, in which the public have been invited to believe that all local government in Britain is hopelessly inefficient and usually corrupt. That is a travesty of the commitment of many good people in all political parties who work very hard in local government, and get inadequately rewarded for it. Indeed this lack of remuneration is now becoming a serious problem in getting people to work for local government.

But, my goodness, what about *central* government? We're talking about financial irresponsibility. If a local authority managed to lose billions of pounds – £14 billion as the present government has lost on the poll tax – they'd all be surcharged and locked up, and they'd not be out now! So just let's bear that in mind.

It's too often the case now that people in local government – having been reduced to the mere agents of central government who have to take the unfortunate decisions about closing the schools and curtailing the services – are those who passionately want to keep these services and facilities going...

We'll have to find a basis on which local government can stand more independently, and I've no illusions that sorting out regional and local government is going to provide a whole series of practical problems. It's also going to challenge a whole series of conventions, particularly in the Treasury. I'll have no friends after the next election amongst the Treasury mandarins, who regard me as a dangerous and difficult person! I think they would have felt that even if I hadn't these policies, but we will have to find our way through and find practical answers.

What I am very clear about is that it is no answer just to say 'Leave it to Whitehall'. I have been in government before, and I recognise that it is a problem. People sidle up to you and say 'It's okay. It's safe in our hands'. Well, I hope that we'll have a lively enough democracy so that if I stray from what I'm committed to, people will actively remind me, and I will deserve to be reminded.

ON THE SNP AND THE SCOTTISH CONSTITUTIONAL CONVENTION

The Labour Party is sorry that the SNP did not join the Constitutional Convention we held before the election, at which various proposals were made for the parties to work together.

The fundamental problem is that the Labour Party and the Liberal Democrats propose a Scottish Parliament within the context of the United Kingdom, and the SNP propose an independent state. Now to some extent there's a congruence, I suppose. Many SNP supporters might say that if they can't have an independent state they would rather have a Scottish parliament within the United Kingdom. But equally it is difficult for people who do not want an independent state but only want a parliament within the Union.

Finding some basis upon which these differences can be recognised is not easy because, as you probably know, relations between the SNP and the Labour Party have not always been of the friendliest. We fight pretty hard battles with each other, particularly for the electorate in northern Scotland.

ON THE WEAKNESS OF PARLIAMENT AND ON EXTRA-PARLIAMENTARY ACTIVITY

Parliament is weak in this country. I've been in it for twenty-two years, and I think it's got weaker every single year I've been in it. We just don't check the Executive properly in our system. We have only got the power of publicity. Now publicity is sometimes effective if you use it with a sense of topicality, but it's too weak a power. There is no proper balance, in my opinion.

Lord Hailsham saw this very clearly when the Labour Government was in power, and he called our system an 'elective dictatorship'. Then he forgot all about his description until he retired.

It's quite convenient to have that kind of amnesia during the period in which you're in power. But I think he was quite correct: We do have an elective dictatorship. I myself used to believe in the mysteries of the British Constitution. My experience over the last ten to twelve years, like many people, has caused me to change my mind quite fundamentally on that...

Extra-parliamentary activity is fine. It is actually what we're engaged in this evening. You happened to come along to listen to a parliamentarian, but this is not a parliamentary setting. This is an extra and additional activity to Parliament and very worthwhile for that. Someone said that this was a non-party audience. I think it's a multi-party audience and all the better for it. If we can get people to engage in this kind of activity, then I'm all for it.

ON THE PROBLEMS OF CREATING A NEW CONSTITUTION

If Parliament is sovereign, and one parliament cannot bind another, how do you make sure that you have a fundamental Act? In constitutions like that of the United States, it is done by a basic law which is usually created after a revolution or defeat, followed by a new settlement...

The newest constitution I'm aware of in Western Europe is the West German one, now the German one, which was of course easily created in one way in that the whole state was destroyed in the Second World War and they started afresh...

We haven't had that kind of history in this country, and it's quite difficult in terms of that theory to find a method of entrenching an Act. One way of doing it is by making it clear on the face of the Bill that it could not be changed unless there were a specific intention to overturn the power of the legislation. I don't claim that this proposal is perfect, but I think it would be an impediment.

Ultimately, though, I believe in the power of public opinion. There is no law that says that a government has to resign after it loses an election in this country, but it's unthinkable, isn't it, that a government would do anything other than that? It couldn't stay in office for five minutes. And I believe we could create a climate of opinion in which a Bill of Rights had that sort of backing.

I think I was the last minister to try to create a new constitution in this country, as the minister responsible for the Scotland Bill and the Wales Bill in the last Labour Government. They got through Parliament, but by a series of accidents, including an election, didn't make it into reality. I'm determined to ensure that we successfully create a decentralised system of government in the future.

During the process I became very conscious of two things. Firstly, the advocates of change sometimes stand in their own way by looking for the perfect solution, when what they want is a start, not an end, to a continuing process. You can sometimes throw out the very good in the search for the perfect. Secondly, it's very hard to make a constitutional change when you're living in the Constitution at the moment...when you're actually carrying on the process of government under one set of norms and institutions and trying to change into another.

Grafting in new regional assemblies and moving to different ways of doing things in this country is not going to be easy. That's why the political parties and the politicians need the work of Charter 88 and other bodies to go into the detail of it and help us do some of the

thinking – to identify the practical problems and see how we can work these out.

I want a democracy in this country in which it isn't just up to the people who are elected to Parliament to feel entitled to participate in these decisions. In the mature and open democracy I want, every one of us should feel, as a right, that these are decisions which affect us all.

It's our democracy, it's our country, it's our government, it's our freedom.

Charter 88 calls for a comprehensive programme of constitutional reform. Taken together, its twelve demands would give Britain the structures of a modern, pluralist democracy and allow for the development of a new political culture. It is committed to a better balance between government and a new political climate in which ideas and commitment can flourish – at all levels of our democracy.

Specifically, it campaigns for:

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A fair voting system of proportional representation

A reformed House of Commons

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Charter 88—a rolling petition launched in November 1988 with 348 signatures—has now been signed by over 60,000 people.

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