

Is Democracy Such A Good Idea?

In the run up to the general election, Alistair Schofield asks whether our country would be better run along the lines of a company.

I hate to admit it, but as the date for the general election draws ever nearer, my disdain for both politicians and politics grows ever greater.

Hardly a day goes by without another leaflet from one of the various parties landing on our doormat. And I am sick and tired of being accosted by people who I have never met before asking me if they can count on my vote!

All this in a constituency where the sitting MP's share of the vote has not fallen below 41% in any of the last three general elections – I hate to think what life would be like if I lived in a marginal seat.

But am I wrong to feel this way? As one political candidate put it the other day; "You should be grateful that we live in a democracy, as democracy is the system that affords individuals the highest standards of individual rights and personal freedom. Most people who live in non-democratic countries would give their right arm to live in a system as fair and as just as ours."

But if democracy is such a great system, why is it that companies are not run in the same way?

Possibly the comparison is not valid? Yet politicians frequently draw the analogy when it suits them by referring to "UK Limited".

So would the country be better run like a company?

The question seems rather appealing until we ask the question as to what sort of company?

If we assume we mean a public limited company, then the question would be as to who would get a vote?

Despite the fact that most PLC's freely talk about employees, customers and the people in the communities within which they operate as being their 'stakeholders', the fact remains that it is only the shareholders that actually get a vote. The more shares you have, the more votes you get. In a country run along these lines, votes would be tradable commodities and the people with the most money would be the people who would have the most say in the running of the country.

Partnerships are different in that the owners are also employees. At John Lewis, for example, all employees are partners in the company and the distributed profits are divided amongst them at the end of each year in the form of a bonus, the size of which is a percentage of pay.



In a country run in this way, the politicians would essentially own the country, in much the same way as 'ruling families' own some countries today.

Perhaps mutual companies, friendly societies and cooperatives are a better model? These could reasonably claim to take the moral high ground in this debate, as their customers are also their owners. However they begin to run into difficulty over the question of how influential each vote is. The rules of most mutuals state that all members are equal – one member one vote – although this has not always translated into an equal share of the spoils when mutuals have been sold or demutualised. In the insurance industry for example, demutualisation has typically resulted in different payouts for members depending upon the size of their investments and the length of their membership. While this may be considered fair, it raises questions if considered for use as a model for government.

So what of a private company? That would obviously be analogous to a totalitarian regime or even a dictatorship.

Which then is the best model?

In business it cannot be said that one model is better than another. All can claim their successes and all can point to failures. One can only assume therefore that all of these models are valid and that the difference between success and failure has more to do with the people involved and with circumstance than it has to do with anything more fundamental.

It is probably not surprising therefore that our existing system of government comprises aspects of all these models, both good and bad. And, in just the same way, the country's success or otherwise has more to do with the people we elect than it has to do with the system of government.

On second thoughts therefore, perhaps my disdain (though possibly not my cynicism) is misplaced. Perhaps I had better read through the pile of leaflets on the hall table before polling day.

About the author:

Alistair Schofield is the Managing Director of Extensor Limited.