

The House of Stakeholders

“Stakeholding” is one of the words associated with New Labour (which has succeeded in keeping largely unnoticed the fact that it has much in common with Mussolini’s idea of the corporative state). Sometimes the idea, which has long been familiar under different names, can make sense. For instance, the prodigious salaries paid to high-flying chief executives of FTSE 100 companies are just incomprehensible if they are taken to be payment for work done. The high-flyers are said to be very special; no ordinary person could do the things they do, etc.—a mystique of management that rarely survives attendance at the AGM. Chairmen and chief executives are not usually so far out of ordinary range that we can’t judge them; they are for the most part hardworking ordinary people who, if the company is lucky, will make money by their good sense and judgement. Such men, or more rarely women, are just as likely to be running a local building firm as Marks & Spencers. If the latter, they get far more money because their larger-scale responsibility can be thought of as giving a stake in the company, though of a different kind from the shareholders’ or those who work lower down the company. This logic would come clearer if the astronomically-figured payments were made in a special class of non-saleable equity and, by the way, it cannot apply to building societies. The idea that anyone can *earn* (as the word is ordinarily understood) £400,000 a year as chief executive officer of a middle-sized building society is obviously absurd.

New Labour’s “stakeholder” idea applies particularly to the House of Lords, but New Labour is quite unable to make the application.

Peers of the realm are sometimes descended from companions of William the Conqueror who acquired from him, in the manner from which his title derives, lands which the family has held ever since. “What I have I hold” is a solid aristocratic family motto, and what they held and in some cases still hold is in the simplest sense a stake in the country—a phrase that goes back to the agitations of the late eighteenth century about representation in parliament. It was argued then, sometimes in favour of the extension of the franchise, as Mr Blair argues now but in different contexts, that those with a stake ought to be represented.

In the present House of Lords the “law lords” by convention do not intervene in non-legal matters, and there are seats for senior bishops. The latter represent the clerisy—whether effectively or not we need not ask here. Life peers are appointed, often after distinguished careers in one of the professions (though even more often as the elevation of superannuated or hostile members of the Commons), so as to be able (in theory) to offer their experience and wisdom. The original stakeholders are still there, if reduced in number.

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The very best thing that could happen to the House of Lords would be a reform to make its stakeholder nature clearer. The stakeholder principle now needs to be extended; towards which, perhaps, the system of life peers was a dim groping. There are still great landholdings in this country and it is right and proper that the heads of families which have the stewardship of great estates should have a say in parliament as hereditary peers. The universities should be represented. So should the professions. Whoever is head of the B.M.A. should have a seat while in office, as should an architect or two. The Confederation of British Industry and the Chambers of Commerce should have a voice, along with the secretary-general of the T.U.C. Religious representation should not be confined to the Church of England which, however, as the established church, should retain several bishops. There should also be a fair proportion of free members of the clerisy offered life membership: philosophers, authors. (Don't ask me who: if enough sense were recovered for this idea of the Lords to be acceptable there would *eo ipso* be candidates.)

On the path of some of the more representative temporary members there will have been elections, if only of the Trades Union variety, but it is necessary to this conception that the house should not be elective by popular vote. The free members should be chosen, not appointed or elected. The present (June 2003) prime minister is in favour of an all-appointed House because he is confident that it could not challenge the Commons, as no doubt would be the case were he to be the appointer. It needs no great effort to imagine the likely level of independence of judgement in the appointed. There are many candidates in waiting on the Labour back-benches. Choices should be made not by any prime minister and not by popular vote but by the monarch, acting on advice but with a power to veto which I hope would be kept active by exercise. With the retention of some real lords and this power to choose being the monarch's, a useful element of heredity would be retained—which of course is unthinkable. (British politics would be much improved if the extent of the unthinkable were not so huge.) Constitutionally this would be a return to the days when Parliament was the great Council of the Realm, membership of which was by invitation of the monarch.

The phrase “the accident of birth” will at this point make itself heard if it has not already done so. Why should power depend on the accident of birth? But why, in these days of planned families, is birth thought to be an accident? The members of the House of Lords have traditionally come into this world as the result of dynastic marriages that are anything but accidental. And, from the point of view of the begotten rather than the begetter, are we going to say that we are only accidentally ourselves? We really need the word *fate*. Poor Princess Margaret! It was her fate/the accident of her birth to be, as the younger sister of a very dutiful queen, without much of a role in the world, making do with parties and lovers. But that is who and what she *was*, a senior member of the royal family, with that role to play in the world. What sense is made by calling this an accident? Had her father not been unexpectedly elevated to the throne her life

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would have been different; but the Abdication of 1936 was not an accident either.

The motive for the ejection of most of the hereditary peers from the Lords was, in the absence of principle or argument, sheer spleen, of a “democratic” flavour. (The inverted commas are called for because nobody ever thinks of democracy as real government by the people.) It is so taken for granted that “the hereditary principle” is indefensible that hardly any actual arguments against it were heard. In fact the emotional reaction against “the hereditary principle” is selective. Simultaneously with the destruction of the Lords other more popular agitation was being conducted by the middle classes to ensure their own inheritances: the state ought to maintain their decrepit parents at public expense so that their stake in the country would pass to them undiminished. It seems to be a question of scale and names: if it’s your mother’s bungalow the hereditary principle is sacrosanct. Though *The Independent* is a republican rag, there is no serious agitation for a republic to be declared. So inheritance is all right at the top or the bottom, but indefensible in the middle. The onus is on those who suppose the hereditary principle to be in principle wrong to say why.

Meanwhile, in practice, which the British are said to prefer, heredity works at least as well as head-count. Really bad monarchs are far rarer than really bad prime ministers—bad in the sense of undutiful, unprincipled, immoral, inadequate, or so stupid as to be unable to take advice. In my lifetime there have been six British prime ministers really bad in some or most of these terms, but no really bad monarchs. (The last one, just referred to, abdicated before I was born.) It could be wished that her present Majesty had taken a more active role, especially about constitutional matters in which after all she has an interest, but who would call her a bad queen? Are we to say that that is an accident? I also know by reading Hansard and seeing some of them elsewhere that the hereditary peers are not as a class less effective or wise than the elected members of the Commons or than the nominated members of the Lords. Why should they be?

The members of the Commons are chosen, in a sort of way, by the people. Primogenitary inheritance leaves the choices to God, who is unlikely to choose worse than the people.

On the question of the reform of the House of Lords itself the Commons have hardly set an example of wisdom. Rushing into major constitutional change without, it seems, a moment’s thought about principles or consequences, the incoming Labour government, driven simply by a dislike of lords—that is, of the hereditary principle which they take to be incompatible with their own “democracy”—got rid of most of the real peers and then took years and years wandering unenthusiastically around sundry proposals for replacing them. Most recently seven different possibilities were laid before the Commons and all rejected. Why ever does anyone think that the Commons is the right originator of constitutional reform? And why have the opinions of those better qualified to judge not been heard more prominently?—those of the hereditary peers and of

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the monarch? They are, of course, interested parties. What else is “stakeholding” supposed to mean? (Rushing thoughtlessly into constitutional change has developed into quite a habit of New Labour, which has now abolished the most ancient post in government without a moment's thought about how to replace it, as part of a government reshuffle. Regionalization and the dealings with Ireland are other examples of unintelligent tampering with the constitution.)

The proposed constitutional reform of the Lords would have the further beneficial result of making the monarch more than a figurehead though still well within the range of what counts as constitutional.

For such a constitution to work there has of course to be a widespread sense of duty. Despite the best efforts of “the media” this does still survive in the country, and after a century of democracy and nearly a century of Lloyd George's death duties, and despite the destruction of so much of the squirearchy, it still has a solid backbone in the surviving gentry, whose resilience is remarkable. There are still plenty of stories of playboy peers, and for a long time English history has been spiced with the eccentricities and occasionally the vices of lords, but would anyone on the whole say that the hereditary peers in the House of Lords are lacking in the sense that *noblesse oblige*?

In the Commons the convention is for the members to refer to each other as “honourable” or, if members of the Privy Council, “right honourable”. Honour, I submit, is more likely actually to be found in the Lords, but not in the Lords replaced either by placemen or popularly elected members.

The advantages of being above the electoral process are not sufficiently attended to. The allegations of sleaze so freely bandied around in recent years have almost all been about members of the Commons. (Lord Archer is an outright crook, not sleazy: *he* is an example of the folly of leaving any choice of peers to elected politicians.) There is nothing more tangible than a common sense of right to stop a monarchy becoming corrupt; there are still some examples in the world. On the other hand nobody in fact accuses our present royal family of anything worse than giving unwanted presents as perks to members of their households. (What are they supposed to do with them?). There still is a certain dignity in the office which makes sleaze less likely than in the Commons.

The upper chamber ought to represent both the interests and the best judgement of the nation, which in its historic constitution it at least has the *idea* of doing. This is possible because it is not democratic, though other conditions are necessary too. In fact the Western nations are run by political élites which, if ever they begin following the mood of the people, are at once accused of becoming “populist”. So we have democracy in which the people are assumed to be incapable of judgement. The virtue of an upper chamber is that this can be openly recognized and acted on.

For many years now we have had in our midst good examples of the kind of exercise of public judgement possible to statesmen

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free from democratic chains. The things elected politicians cannot say because of electoral constraints are often said by the Duke of Edinburgh or the Prince of Wales, who have both made good and honourable use of their constitutional position. They can also say things that *should* be said by the elected but which are ignored because there are no votes in them either way, like the Prince's recent plea for English poetry and English history to be taught in schools. The *good* of a constitutional monarchy remains even, or particularly, if you disagree with some of the things said: they have some freedom from the electoral strait-jacket of saying only what will get votes, and their constitutional position ensures attention.

Simultaneously with its reconstitution the powers of the House of Lords should be restored. An upper chamber without power to veto new legislation is bound to be a shadow, as indeed Mr Blair wishes to ensure by making the appointments to it—though in fact the anti-government majorities in the present Lords dominated by life peers do not support his case. No doubt he means “safe” appointments of the kind made by the mainstream political parties when choosing parliamentary candidates. There is no point to the House of Lords unless it has the power of restraining the excesses of the lower house. With a restored House of Lords Parliament would have a much better chance of becoming again a seat of national judgement.

As to democracy, that is one of the many ideas, good in their own place and in moderation, which then get out of hand and try to take over the world. “Stakeholding” must be a notion that limits democracy. “No taxation without representation” was originally not a democratic slogan. Those with a stake and therefore taxable should be represented; those with no stake, not. Popular election would not, it was thought, throw up representatives or delegates who would govern the country well, so, as it might be said, no representation without taxation. The modern notion that only head-count confers legitimacy is just a superstitious ideological excess and is not in fact practically believed. It is never applied in schools, limited liability companies, churches or football clubs; nor is there much agitation to break off relations with all monarchies or even to abolish our own. My own opinion is that the British constitutional monarchy of the eighteenth century had a good balance between the autocratic excesses of the continent and the democratic excesses of the present world. It recognized both that some power is hereditary and that some power is representative, which are quite possibly general truths about politics. (It can hardly be maintained that a person of such modest mental hereditary endowment as President Bush II could have acceded without the “accident of birth”.) I am in no doubt, anyway, that the balance has swung far too far in the direction of

Count of Heads to be the Divine Court of Appeal on every question and interest of
mankind; Count of Heads to choose a Parliament according to its own heart at last,
and sit with Penny Newspapers zealously watching the same

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Thomas Carlyle, *Shooting Niagara: and After?* 1867, para. 2

Believe it or not, this was once thought to be exaggeration to the point of madness. The recognition of the limits of democracy expressed by a stakeholder House of Lords within a constitutional monarchy would be a good in itself as giving a check and a balance to the Count of Heads.