

INNOCENT FRAUD

or a short reality check for community tax payers



It was Saturday in W H Smith. In between the dream of what to do with £3.5million if my six lotto numbers ever came up and despairing of all the Christmas card designs, I spotted a pile of booklets at £1.50 each. Can't be bad I thought. Thumbing through, I spotted one by the poet Roger McGough. Always good for a smile. But I had £3.00 left in my pocket. OK, how about another booklet by the American economist J.K. Galbraith? Whatever the subject, the name triggered a subliminal wish to go back to the University days of my youth.

Sorted! Two for £3.00.

Galbraith argues that western economies – the UK as well as the USA – exhibit all the characteristics of “innocent fraud”.^{*1} This is not an illegal fraud carried out by guilty, knowing individuals but a possibly even more dangerous, collective self-delusion within the economic system, affecting business, the public, politicians and civil servants alike.

According to Galbraith, some of the aspects of this collective self-delusion include:

- Acquiescence in the changing of words from those that have become disreputable to those that are benign, while all the time the system remains the same. “Capitalism” a word that became tainted by irresponsible monopolies is replaced by the much kinder words “market economy”, safely beyond the responsibility of anyone.
- A belief that the consumer is king and controls the system by the free choice of buying or not buying. The reality is that consumer response is highly managed to respond to producer interests by expenditure of huge resources in marketing, public relations and consumer research.
- The common wisdom that shareholders and non-executive directors control large companies. The reality is that both non-executive directors when they meet and shareholders at the annual general meeting, are merely informed about what is already decided or already known. Real power lies with the corporate bureaucracy of professional managers.
- The belief that the public interest and social ethos is protected by the public sector being driven and managed independently from the private sector. The increasing reality is that private sector interest as well as private sector machinery is driving the delivery of public sector services.

Reading all of this rang a bell. But where? Yeh, but no, but yeh, but no, but yeh!! ^{**2}

Yeh! In October 2005, the City Council had produced a report called “Statement of Community Involvement”. This sets out how the Council will implement the new planning system so that the public will be more effectively involved. ^{***3} The Civic Society had made a plea to the City Council Cabinet on 8th December 2005 not to adopt this report and not to ignore a widespread community view that the methods proposed in the report were essentially old “consultation” methods and would not be effective. ^{****4}

These events were only the latest chapter in the struggles that have gone on over the years in Bristol to inject more of the public's views and requirements into decisions on the development of the city. ^{*****5}

There are startling parallels between this struggle and the Galbraith view of the market economy:

- **Changing the Words?**
The public belief is that new Government guidelines on planning will be followed and old methods of “consultation” will be replaced by new methods of effective involvement. While the old methods of consultation that have proved ineffective will remain, they are now simply renamed as “involvement”. Similarly, the belief is that all new planning documents will be drafted so as to incorporate public views, and that draft documents will change as a result of public comments. But new documents will merely be “informed” by public views. Another warm word. In reality, public comments produce very few, if any, change of action to whatever was intended in the first place.

Continued >>>