This chapter will examine the compatibility of democracy with the capitalist economic system under which we live. After examining what we mean by democracy and capitalism we will conclude that there are fundamental incompatibilities. We will proceed to consider how democracy is on the retreat as the concentration of economic power tends to grow. Our focus will be on the growth of giant firms, the increase in trans-nationalism in the control of production and markets and the accompanying centripetal tendencies in the control of economic power. Whilst these are general issues, they impinge most immediately on our democracy via the communications sector and therefore some specific developments in this sector will be subjected to particular scrutiny. The question will then be posed as to whether the diminution of democracy is required for economic efficiency. It will be argued that rather than there being a trade-off between these two desirable ends, greater real democracy will contribute to the attainment of superior economic performance, and this could be particularly true in the case of our own country. Institutional changes to secure an extension of democracy within our society will be identified. These will include measures to limit and control existing centres of economic power and initiatives to democratise work and the investment process.

IS DEMOCRACY COMPATIBLE WITH CAPITALISM?

There are some who argue that only under capitalism is democracy feasible. One of the most recent exponents of this view argues that democracy is protected by entrusting the economy with the assignment
of income, occupations and authority on the grounds of the intrinsic instability of democracy, see Usher (1981). If we are interested in preserving democracy then we should not lightly tamper with the economy or the outcome of the economic system. For democracy to survive there must be prior agreement among citizens on a set of rules for assignment - a system of equity, and capitalism contains a system of equity sufficient to permit democracy to continue.

The basic problem with this view is that it focusses exclusively on the significance of the independence of the assignment mechanism from the political arena - a degree of independence sufficient to allow democratic government to proceed - but ignores the question of the independence of the political arena from the assignment mechanism (system of equity). In reality the form of political democracy is not fully determined by the system of voting, but also by the distribution of economic power, part of which will be devoted to gaining the consent of the majority. It is also important to emphasise that capitalism existed for extended periods without allowing democracy even to start, and in many places within the capitalist ambit it still does not exist in the limited form we experience in this country. On this point it is interesting to note that Usher argues that the economic conditions for universal franchise have been achieved only in this century. He favours Cromwell's position in the Putney debates during the English Revolution - property qualifications for voting are necessary because property is indispensable for the maintenance of civilised society and the institution of property can be preserved only if the poor are somehow prevented from voting it out of existence. Thus the preservation of democracy, conditional on the preservation of property, implies democracy has a variable meaning since the conditions needed to preserve it imply a diminution in the institution itself as well as in its role. It would appear that the original aim of choosing a form of economic organisation which would secure democracy has been replaced with the aim of securing the form of economic organisation itself, with its existing unequal distribution of power. Such inequality is seen as desirable for reasons of dynamic efficiency: without it accumulation would falter. The old, conservative argument reappears - don't worry about the division of the cake, but notice its size and rate of growth. Whether this is a compelling economic argument will be judged later, but what seems to be asserted is the primacy of economic efficiency over democracy. What is desirable is that degree of democracy which is consistent with the prerogative of property, which is