

# Common Good(s) — Redefining the public interest and the common good

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## Abstract

This paper is the starting point for wider research I am undertaking into the privatisation of public life, which I hope will form the basis of my next book. Picking up directly on the themes in my first book, *Ground Control*, the paper focuses on the privatisation of the city and the role of the public interest in the built environment; it investigates the rise and fall of the post war ‘comprehensive city ideal’, in which goods and services, including planning, housing and energy, were provided in the public interest. As the role of the public interest and the public good waned, the definition of the public interest was quietly altered in planning legislation, becoming instead intertwined with economic benefit. The paper will go on to look at how the public interest can be redefined and reinvented, based around the principal of universal access to common goods and a definition of the public interest which takes account of social value. In keeping with the style in *Ground Control*, it melds a journalistic approach with academic research across disciplines and is a companion piece to ‘Scaring the living daylight out of people: the local lobby and the failure of democracy’, which was published by Spinwatch in March 2013. Taking a close look at the development of British policy, the focus of both these pieces is on the UK but the themes are equally relevant internationally. In the context of the How to work together project, my aim for my next book on the privatisation of public life is to investigate how we can work better together as a society. This paper is the starting point for those ideas, with the aim of stimulating discussion on the broader topic.

1. Minton, Anna. ‘Scaring the living daylight out of people’: The local lobby and the failure of democracy. Spinwatch. March 2013

## 1. Introduction

‘Seen in historical perspective, the attempt to combine the equality of civil and political rights, which is the essence of democracy, with the inequality of economic and social opportunities, which is the essence of capitalism, is still in its first youth. There is sufficient experience however to suggest that the result represents, at best, a transitional arrangement...The fatalism which foresees in Great Britain the inevitable clash of irreconcilable opponents, which has destroyed political civilisation in Germany and Italy, is clearly out of place. So, also, however, is the light hearted optimism which assumes that because so precarious an equipoise has maintained itself for half a century, it can be relied on with confidence to maintain itself forever. It may well be the case that democracy and capitalism, which at moments in their youth were allies, cannot live together once both have come of age.’ Tawney, Preface to 1938 edition of *Equality*.

Tawney’s disturbingly prescient quote from 1938, just a year before the outbreak of the Second World War, highlights the constant tension in which democracy and free market capitalism co-exist. The public domain, where political, intellectual and cultural life takes place, is the forum where this tension is played out. Today, the public domain is in crisis, no longer broadly able to represent the public interest in many of the key spheres of public life.

The failure of the media to represent the public interest received much recent attention as a result of the phone hacking scandal and subsequent Leveson Inquiry. But the importance of the public interest is not limited to the media. It is also central to the physical public realm – that is the communities people live in and the democratic structures which run them in the public interest.

Aristotle distinguished between the private realm of the household and the public realm, where the public life of citizens took place in the public places of the city. For Aristotle public life was conducted in public places. Today, much of public life takes place within the political, intellectual and cultural public realm, which includes the public institutions of the country, from government, the civil service and the rule of law, to universities, publicly funded arts organisations, heritage and conservation agencies and the BBC and the media.

While much of public life plays out through the media and in cyberspace and is to a large extent divorced from the physical reality of the places people inhabit, the crisis around the public interest is as at least as pressing in the physical public realm as it is in the media.

Just as it is the justification for government in a parliamentary democracy, the public interest has been the justification for the planning system – which is at the interface of local government and local democracy - since its inception in 1947. Today, that system is all too often characterised by contentious development decisions – from superstores and airport expansion to the demolition of existing communities – which ride roughshod over the wishes of local people, often employing undemocratic tactics and dirty tricks in the process. These abuses are catalogued in ‘Scaring the living daylight out of people: the local lobby and the failure of democracy’, which is a companion piece to this paper.

At least as worrying is the erosion of the physical public realm which is witnessing the privatisation of the basic services that society depends on and that we have come to take for granted for the last 100 hundred years at least. This destruction of the ‘comprehensive city ideal’ in favour of fractured and costly partial provision of public goods, from housing to energy, is investigated by this paper.

At the same time, the paper aims to track the changing fortunes of the public interest, the public good and the importance of public and common goods and to investigate how the notion of the public good has been squeezed out of political life across the political spectrum. The public interest is a contentious term with a chequered history and there is an argument that it is too loaded and too tarnished and should be consigned to history. But the contention of this paper is that blatant disregard of the public interest is undermining trust, citizenship and democracy.

Only a renewal of the concept of the public good, defined and enshrined in legislation, can reverse this process. Over the last generation the fine balance between public and private, which characterises a healthy public domain, has shifted decisively in favour of private interests, threatening universal access to public and common goods and severely damaging the functioning of society. When it comes to planning, the paper will outline how the public interest has never functioned as its post-war architects intended. Later, as privatisation took hold, the public good became interchangeable with economic benefit, disregarding the public interest and democratic rights. Now, a reinvention of the public interest, based around universal access to common goods, is proposed.

## **II. History of the public good: Its rise and fall**

The privatisation of the physical public realm in modern Britain began with the enclosure of common land in the 16th century, which was enshrined in law with the

parliamentary Acts of Enclosure of the 18th century. Enclosure, which was at its peak between 1760 and 1832, was the expropriation of common lands by private landlords which ended the traditional rights of grazing on the common lands which made up most of the country.

The countervailing trend to the privatisation of the enclosures was the increasingly influential idea of the public domain and the public interest. This properly took hold during the early 19th century as the British government, rocked by revolution in France and the American War of Independence and in the midst of a grave financial crisis, sought to reinvent itself. This was a paradigm moment which saw a government Commission introduce the 'principle of public economy' which reformed public appointments, ensuring that public office could no longer be bought and sold as a commodity. Rather than the private possessions that they had been, all government positions became 'public trusts to be discharged for the benefit of the public.'

The reform of parliament after 1832 witnessed the rise of both central and local, democratically elected government, alongside growing concern with public health and social conditions on the part of the new public administrators. Political change was reflected by changes in the physical landscape, with the growing emphasis on public health overseeing the expansion of the physical public realm through the emergence of comprehensive sewerage and sanitation systems and the development of an 'underground city' of gas, electricity and water.

During the same period the Crown Lands Act of 1851 transferred the parklands owned by Queen Victoria into public ownership while huge public protest against the private, gated estates which characterised the Georgian fabric of cities like London saw streets and public places given over to local authority control. The handing over of streets to public control was accompanied by the growth of civic and public buildings, from town halls and libraries to schools, hospitals, asylums and work houses - land and buildings which were often left in trusts to the public 'in perpetuity'.

This 'underground city', alongside street networks above ground, created the foundation for contemporary cities, which by the 20th century were based on universal access to services, from sanitation and utilities to transport and telecommunications. While the aqueducts, sewers and streets of Mesopotamia and ancient Rome only had partial coverage, comprehensive networks, which operated in the public interest, were at the heart of the modern city.

The public interest reached its high point in the immediate post war period, underpinning the planning system, public service broadcasting and the welfare state. But, in planning in particular, its rise was swiftly followed by its fall, tarred by the failures of modernist planning and accusations of top down centralism and universalism. Though initially conceived in a spirit of post war optimism, with the aim of replacing inner city slums with modern apartments in 'streets in the sky', a key impact of the tower blocks and arterial roads which sliced through cities and communities was to highlight the undemocratic nature of slum clearance.

Denigrated by those on the left for its top down programmes, and by the right for interfering in the market, the notion of the public good and the public interest suffered a two-pronged assault. The critique from the left asserted that in a world of diversity there was no unified public interest, which then became little more than a smokescreen for powerful interests. Into this breach stepped Thatcherism, which was innately opposed to paternalistic state intervention, which had come to be linked with governing in the public interest. Instead Thatcherites argued that the public interest was better served by the market approach of Adam Smith's 'invisible hand'.

The fall of the Berlin Wall in 1989 and the collapse of Communism in Eastern Europe saw market fundamentalists hail 'the end of history', as proof that a system

which saw capitalism and democracy co-exist had triumphed. But rather than reflecting the delicate balance between capitalism and democracy described by Tawney, this moment of hubris which characterised the Reagan Thatcher period symbolised a decisive shift towards private interests, at the expense of the public interest, the common good and democratic rights.

With the tight embrace of neo-liberal economics by Bill Clinton and Tony Blair any meaningful discussion of the public interest was effectively squeezed out of politics relating to the debt-based property-fuelled economy which drove economic growth until the financial collapse of 2008. In the US, the shameful collapse of the 'sub prime' property market saw those with poor credit ratings encouraged to take out mortgages they couldn't afford, a process which witnessed the market completely subvert the public interest.

In Britain, less well known changes witnessed the undermining of the public good in legislation relating to planning. From 2004, as the property boom was beginning to take off, 'public benefit' became interchangeable with 'economic benefit', a significant shift which is reflected in important but little-known changes to legislation. This is a change which occurred with no discussion or debate, partly because of the highly obscure nature of the relevant legislation. In the US, by contrast, a similar shift was highlighted by an infamous Supreme Court Judgement in 2005, which replaced 'public benefit' with 'economic benefit' as the benchmark test for new development. The resulting national outcry saw protestors camp on the White House lawn, leading former President George Bush to intervene personally. As a result most US states have now reversed the legislation. Yet over here the same change, which crept into the Planning and Compulsory Purchase Act 2004, was barely noticed, mainly reflected in obscure guidance and statutory instruments, which significantly shifted the definition of 'public benefit' by placing greater importance on the economic impacts of new schemes.

With this vital check to the public domain so weakened, planning decisions in Britain have become increasingly characterised by democratic failure, with the wishes of local communities entirely disregarded and sham public consultations an everyday occurrence. Meanwhile, the rise of lobbying in contentious development decisions and the revolving door between local government, developers and lobbying companies – who carry out public consultations on behalf of the private sector and local government – emerged as a defining feature of a system in which abuses are routine and as characteristic of local democracy as elections themselves.

At the same time the achievements of the 'comprehensive city' are being reversed, with the privatisation of utilities and services threatening the universal networks and access to public goods which have long been taken for granted. If this process continues it will transform the nature of cities and create an environment much more akin to that found in parts of the developing world, where entire districts have no access to electricity and sanitation, let alone broadband. While that might sound overblown it is already the case that access to essential services, in particular public transport, is severely restricted in certain deprived areas.

Planning is the interface with democracy at local level. The failure of the system to reflect the public interest is a crisis in democracy which is reflected in many other key spheres of public life, most notably in cyberspace where a handful of commercial, mostly American companies, own and control our internet activity. While this paper focuses mainly on the built environment, this is another paradigm moment for both the intellectual and physical public domain which is no less concerning than Tawney's 1938 warning of the constant tensions faced in reconciling democracy with capitalism, which is the function of a healthy public domain.

### III. The modern planning system: stymied at birth

The foundations of the modern planning system in the UK, which remains internationally admired around the world, are contemporaneous with the founding of the Welfare State. This is rooted in Beveridge's 1942 report, which became famous for its attack on the five social evils of want, disease, ignorance, squalor and idleness. Beveridge described this report as "one part only of a comprehensive policy of social progress." Another policy plank which aimed to underpin social progress was the planning system which also had its roots in an accompanying 1942 report, which was the Uthwatt's Report, final report of the Expert Committee on Compensation and Betterment.

This report, which was realised in the Town and Country Planning Act 1947, is shot through with statement after statement emphasising the importance of the public good and community benefit over the wishes of individual private landowners. The first assumption of planning was, the authors wrote: "That it will be directed to ensuring that the best use is made of land with a view to securing economic efficiency for the community and well-being for the individual, and that it will be recognised that this involves the subordination to the public good of the personal wishes and interests of landowners." The key legal principle was to be Cicero's maxim, "salus populi est suprema lex". The phrase, later quoted by John Locke in his second treatise on civil government, translates as 'the welfare of the people is the supreme law.'

The conundrum at the heart of any planning system is that the conferring of planning permission on a piece of land for the best social use – or other commercial use – immediately ensures that land soars in value. The authors referred to this as the 'compensation difficulty' and concluded that "a means must be found for removing the conflict between private and public interest". They proposed that this should be done through the imposition of development charges on landowners, so that the windfall profits made from the sale of land with planning permission would be used for community benefit. The result would be not the nationalisation of land but the nationalisation for community benefit of the soaring value of land with planning permission. Illustrious predecessors who favoured a tax on the value of land included no less than Adam Smith who wrote in the Wealth of Nations that a tax on 'ground rent' would prevent landowners from gaining monopolies. Among political reformers, Lloyd George instigated the first attempt to tax the profits arising from planning permission in 1909 and Asquith was also a supporter claiming that a land tax would "free the land that from this very hour is shackled with the chains of feudalism."

The need for a development charge, which would plough windfall profits into community benefit while also reducing speculation, was the centrepiece of the 1947 Act but the system was incredibly complex to administer and became increasingly unpopular. The incoming Conservative government abandoned the development charge in 1951, with the consequence that the planning system has never operated as its architects intended. Since then subsequent governments have made repeated efforts to introduce variations on the development charge, with limited success. In 1967 Labour introduced a "betterment levy" set at 40 per cent of profit, which was dropped by Edward Heath in 1970. Again, Labour brought in a development land tax in 1975, set at 80 per cent of the increase in land value, which was maintained by the Thatcher government at 60 per cent. But in 1985 Nigel Lawson scrapped it, in tune with the spirit of the age and the deregulation of finance which came with 'Big Bang' a year later.

Since then, the opaque and confusing system of 'planning gain' has evolved in the vacuum under a clause in legislation known as 'Section 106', which requires developers to make contributions to affordable housing, community facilities and

even public art associated with the development. But Section 106 has produced nothing like the amount of affordable housing required, which combined with the sell-off of council housing has been a key driver behind the on-going housing crisis. Today, even the requirement for developers to provide a percentage of affordable housing has been abandoned with the Chancellor giving the house builders 'a holiday' from their obligations in a desperate, though misguided, effort to get them to build. Misguided because while output remains at historic lows, the profits of the biggest house builders are anachronistically healthy for a country facing such tough economic times; profits from Barratts are up 159 per cent, Taylor Woodrow 135 per cent and Bovis 100 per cent. The top ten house builders, who have a monopoly on the industry, are not building because they don't need to, driven first and foremost by their obligations to shareholders rather than any notion of the public interest. The consequence for Britain is an unprecedented housing crisis.

#### **IV. How privatisation destroyed the public interest**

Housing, in common with many other aspects of the urban environment such as water and sanitation, is not simply a commodity. It is also a public good and a human right, according to the Universal Declaration of Human Rights.

From the outset the modern planning system in the UK aimed to remove "the conflict between private and public interest" through the imposition of a development charge which would plough speculative profits into community benefit. But while the rhetoric of planning in the public interest has justified the planning system ever since, the development charge never worked, undermining the foundations of the system right from the beginning.

Despite that, and despite the abuses which characterised modernist system building, the period up until 1979 was characterised by adequate housing provision, in large part due to the substantial council house building programme in place until 1978. When the Conservatives came to power they introduced their hugely popular 'Right to Buy' policy, which gave council tenants discounts of up to 50 per cent of market value to encourage them to buy their own homes. The real significance of this policy was not the sell-off of 1.5 million homes but the refusal of the Tory government to allow councils to reinvest the money from the sales into building new homes. The upshot has been a steadily building housing crisis which, since the financial crash, has been accompanied by the collapse in private sector house building. Today, the profits of the top ten house builders notwithstanding, Britain is building fewer homes than ever before and repossessions and homelessness are rising fast. For a generation of people this means that they are neither able to buy their own homes or rent cheaper subsidised housing. The consequence is that soaring private rents mean that families in London are paying up to half their income in rent.

But housing and planning are not the only public goods which are abjectly failing to meet the public interest, with the privatisation of the utilities causing chaos and confusion for consumers. Ironically, this is a situation the UK is familiar with as Britain was particularly slow to integrate its electricity suppliers, which during the 1920s were mired in the confusion of 65 different electricity companies and 49 systems. Consequently London was seen to suffer as a 'backward metropolis' compared to the 'electropolis' cities of Berlin and New York. . When the UK's fractured and confusing electricity industry was nationalised in the 1930s it brought down the price of electricity and gave a huge boost to industry.

Today, these lessons long forgotten, the privatisation of gas and electricity is echoing the chaos of the 1920s, this time with the consumer at the sharp end, facing confusing choices between at least 27 different companies providing gas and elec-

tricity at different tariffs. Allegations of mis-selling on the doorstep and profiteering on the part of the suppliers came to a head recently with claims from a whistleblower, now being investigated by the Financial Services Authority, that gas prices are rigged at artificially high levels. The one constant between this bewildering multiplicity of companies and the allegations of profiteering are steeply rising prices across the board.

### **v. Re-defining the public interest**

The impact of the privatisation of services on the public interest and the public good spans the domestic policy picture. So far, this discussion has examined housing and the utilities in particular depth because of its focus on the physical public realm. But the operation of the public interest is equally vital to policy in education, health, transport, the arts and the media.

However, it is important not to confuse the public good and the public interest with the public sector. The public interest depends on public institutions, most notably government and the rule of law, but it is not limited to them, incorporating also charitable institutions, private individuals, private firms and agencies. In his book, 'The Decline of the Public', David Marquand points out that the rise of the 19th century idea of the public domain occurred at a time when the public sector grew only very slowly. Rather than a sector, public life is best understood in the Aristotelian sense as a dimension of political, social and cultural life which is interconnected with the notion of the public interest, as distinct from private interests.

For Marquand, the private domain of love, friendship and personal connection and the market domain are products of nature. The public domain, on the other hand, is always at risk and only takes shape in societies where the notion of the public interest, as distinct from private interests, has taken root. Because it is dependent on constant nurture such societies are rare breeds.

Since 1989 and the fall of the Iron Curtain in Eastern Europe debates about the future of capitalism and democracy have been portrayed in unhelpfully binary terms, with critics of the extreme free market policies pursued by successive governments dismissed as seeking a return to the days of communism, or at the very least militant socialism.

The consequence of this market triumphalism in the UK has been the unleashing of neo-liberal economics, a process which began with the deregulation of the financial markets and 'Big Bang' of 1986. This has shifted the delicate balance between private and public interests decisively in favour of private interests. But while the public sector has been progressively run down, with local government and local democracy in particular never recovering from the assault of the 1980s, there remains a huge attachment to the idea of the public domain, the public realm and the public interest.

Defining the public domain in the mid-90s the Dahrendorf Commission stated: "In the public domain people act neither out of the kindness of their hearts, nor in response to incentives, monetary or otherwise, but because they have a sense of serving the community." Creating the conditions where the civic goals of citizenship, equity and service can flourish remains the goal of politicians of every hue and is enormously popular with the public; arguably it was this idea of the public domain that David Cameron's vague notion of the 'Big Society' was attempting to tap into, envisaging a smaller role for the state and a greater role for private and voluntary groups, "taking power away from politicians and giving it to people", Critics claimed this was no more than a smokescreen for the roll back of the state but its appeals to civic goals of citizenship and service, for no monetary return, does seem to echo

Dahrendorf's definition of the public domain.

Ultimately, the many critics of the concept appear to have been proved right with the failure of the 'Big Society' guaranteed when it became clear that there was no economic basis for the policy. Instead the irony has been that while politicians exhort the public into spontaneous displays of civic activity the public institutions which typify the 'Big Society', such as public libraries and arts and community organisations, have been savagely cut. Bearing in mind that a healthy public domain requires a fine balance between public and private interests, the 'Big Society' stood no chance in the face of economic policies which favour only private interests.

The public domain and the public interest has been systematically undermined over the last generation. At the same time many of the notions of the public good which underpinned the civic virtues of the Victorians and the post-war optimism of the architects of the welfare state are highly questionable. Given that, the question remains whether this concept is worth salvaging and reviving.

A thorough examination of the public interest in every relevant policy area is far beyond the scope of this paper. Instead the rest of the discussion will focus on the importance of public or common goods and the threat faced by a society which is witnessing the withdrawal of those common goods.

## **vi. The need for public and common goods**

A further confusion in definition arises when it comes to academic discussions of 'public goods'. Since the 1950s economists have defined 'public goods' – also known as 'collective consumption goods' – quite separately from any discussion of the public interest. Public goods are 'non rivalrous', which means that each individual's consumption does not subtract from another's consumption, and 'non excludable', which means that it is impossible to exclude individuals from consuming the good. Air and national defence, for example, are public goods while food, clothing and cars are private goods. Goods which are rivalrous but non excludable are defined as 'common pool resources' – such as common fish stocks or coal – while goods which are non rivalrous but excludable are 'club goods', such as cinemas or private parks. While it is important to be aware of these distinctions this narrow economic definition of 'public goods' is not helpful to this paper and reflects the dominant importance of units of economic value in debates about common goods and social value. Instead the remainder of this discussion will attempt to draw together a definition of the public interest based on the need to safeguard the public goods and common goods which underpin the physical public realm.

Many of these public goods, such as streets and public places and universal access to electricity, gas and water have long been taken for granted, with the assumption being that as streets have always been public they will inevitably continue to be so. As has already been touched upon this is far from the case with private estates and enclosures, which prohibited public access, characterising Britain before the advent of local government and local democracy. The much-praised urban fabric of 18th century London was very different to what it is today, with the fine Georgian squares and terraces surrounded by high gates and fences and heavily guarded by private security forces who denied access to the public, on behalf of the aristocratic landlords who had carved up cities like London into private fiefdoms.

As a result of growing public protest, reflected in two parliamentary inquiries during the mid-19th century, legislation was passed ensuring that henceforth all streets and public places should be handed over to local authority control, or 'adopted' to use the jargon. This was a hard won democratic achievement and the spread of large corporately-owned private estates in an every town and city today, built on a



Canary Wharf model, is an indication that this democratic achievement is going into reverse.

At the same time, the triumph of the comprehensive city ideal ensured that by the 20th century the 'underground city' of water, gas and electricity was underpinned by universally accessible networks. Above ground these universal networks were mirrored by the spread of public transport which saw train, tube and bus routes spread out to every corner of the city and country. Today soaring utility prices are creating enclaves of fuel poverty while other services, such as broadband, are not available in some areas with BT holding competitions for localities to win broadband for their area, highlighting the extent to which broadband access is not seen as a public good.

In many third world societies slum areas are entirely cut off from access to essential services and there is no doubt that the UK remains some way off from that. But the privatisation of local transport has already had a severe impact on many smaller towns, villages and outlying estates, leading to a situation where people on low incomes and without a car are effectively marooned on estates. In former industrial areas these isolated pockets of deprivation are home to families where three generations of unemployment is not uncommon. But much poverty in Britain is hidden, in part because most relatively affluent opinion formers never have cause to visit these areas. With the cuts to housing benefit accelerating the segregation of cities and creating poverty clusters in peripheral areas, access to essential services in these parts of the country is becoming harder and harder to come by.

The majority of people living in these areas are disenfranchised and apolitical rarely bothering to vote for a system in which they have no stake. Research by the Electoral Commission reveals a clear correlation between levels of deprivation and turnout in elections with levels of voting lowest in the most deprived parts of the country in both national and local elections. For example, in the 2011 local elections turnouts were significantly higher in affluent areas than deprived areas, with 46.2 per cent voting in Brighton and Hove, compared to 29.8 per cent in Manchester's Moss Side ward.

Many who do try very hard to become engaged in the political process, in both working class and more affluent communities, recount how local government repeatedly fails to act in the public interest, especially when it comes to contentious regeneration schemes involving the demolition of local communities. 'Scaring the living daylights out of people: The local lobby and the failure of democracy', details the relations between local government, developers, lobbyists and local people in regeneration struggles up and down the country, which are today characterised by routine abuses and sham public consultations which reveal the abject failure of democracy at level.

That report argues that relations between local government, developers and lobbyists need to be accountable to local voters and subject to scrutiny. But it concludes that to be effective these measures need to take place within the wider context of a redefinition of the public interest in planning which places far greater account on social value.

For the last decade at least, the benchmark test for whether new development should go ahead is whether or not it is of economic benefit. That benchmark test needs to be changed to emphasise the social value and social consequences of schemes for communities and these changes need to be reflected in legislation. Social value should be defined by access to public goods, which includes decent mixed housing throughout cities, breaking up the fast growing enclaves of deprivation which are a consequence of a generation of policy which has prioritised privatisation and economic over community benefit, with this segregation now accelerating sharply as a result of recent policies. Public goods also include essential services

such as gas, water, electricity, broadband, streets and public places and transport which need to be available throughout cities, in tune with the comprehensive city ideal. In turn social value needs to be supported by a genuinely democratic and participatory planning system. Ironically, this was to some extent already sketched out by the Conservatives Open Source Planning Green Paper, written while the current government was still in opposition. Once in power, however, the participatory nature of 'localism' was entirely over-ridden by the Treasury's emphasis on deregulating the planning system further in what has so far been the vain hope of a return to growth.

This begs the question of how to pay for public goods in a no growth or contracting economy, hit by double and triple dip recessions, cuts and austerity. Both sides of the contemporary debate in government, between Conservatives favouring austerity to reduce the deficit and 'Keynesians', favouring an increase in borrowing to boost the economy, are predicated on a return to the neo-liberal system of unending growth as the primary purpose of the economy. One of the issues identified in this paper is that the planning system, designed to balance public and private interests by ploughing the profits of speculation into community benefit, has never worked as its wartime architects intended. The enormous advantage of such a system, if it could prove workable, would be to transform the speculative, debt based nature of property development which was the driver of the financial crisis, both in the UK and overseas. Development charges are enormously unpopular with developers and landowners and inconceivable in the current ideological climate prevailing in government. But it is only radical solutions like this, underpinned by a new definition of the public interest based on social value, rather than economic benefit alone, that offer any way out of the current crisis.

The modern public domain emerged at a time of crisis, in the shadow of the French Revolution, the American War of Independence and the financial crisis of 1825. For all its myriad faults, Victorian public life laid the foundations for the comprehensive city ideal of universal access to services which is still taken for granted today. Writing in 1938, at another time of crisis, Tawney sketched out the threat to political civilisation if democracy and capitalism were unable to co-exist. The public domain is the forum where this ever-present tension between civil and political rights, which is the essence of democracy, and what Tawney describes as the inequality of social and economic opportunities, which is the essence of capitalism, is played out. A healthy public domain, which is able to safeguard democracy, must balance private interests with the public interest. Over the last generation this balance has been eroded and since the financial crisis it is in danger of being fatally undermined. The consequences of failing to protect the public interest go much further than the individual crises in planning, housing and the media – to mention but a few – and threaten not only universal access to services but democracy itself. On a more positive note, the financial collapse has produced another paradigm moment and this creates fertile ground for the public domain to re-invent itself. Unfortunately, this challenge is not being taken up by the mainstream political establishment. Perhaps publicly funded arts projects, with their public interest mandate, are the right forum for this urgent discussion.