

GOVERNANCE AND PUBLIC POLICY

**Diploma stage
December 2005**

MARKING SCHEME



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Question 1

- (a) *UK general elections are held to elect Members of Parliament to the House of Commons. Explain the principal functions of the House of Commons.*

The principal functions of the House of Commons are as follows.

Representation – the House represents political parties, pressure groups, the constituencies and the electorate. 2

Legislation – The House no longer makes policy in either the sense of initiation or strongly influencing (this now done by government which in recent years has had very large parliamentary majorities). But the House must approve legislation; it frequently amends and occasionally defeats legislation. 2

Scrutinise and influence the Executive – the House acts as an arena for constitutional opposition. It is in parliament that the government must explain and defend its actions. In practice, however, recent opposition parties have been too small to do anything other than to resort to delaying tactics. 2

A forum for national debate – the House acts as a focus for national debate on many different kinds of occasion (eg Prime Minister's Question Time, the Queen's Speech and normal legislative business). 2

Recruitment of a government – the House and parliament generally no longer select Ministers. But the House is a "school of statesmanship". Ministers are invariably drawn from parliament, especially the House of Commons. 2

- (b) *Outline what is meant by the term "democratic deficit" and explain its relevance in the context of the UK general election in 2005.*

The democratic deficit is concerned with concerns that there is a low level of democratic accountability in central government. In the context of the UK general election, the main concerns are that: 2

The Labour Party has a large majority in the House of Commons but it was elected by only 35.3% of those who voted and just 21.6% of those citizens entitled to vote. 1

The remaining 64.7% of the electorate who voted are represented by MPs who do not form part of the governing party. 1

The fact that only 61.3% of those entitled to vote actually did so is a relevant issue. 1

- (c) *Explain the difference between "first-past-the-post" and "proportional representation" voting systems.*

First-past-the-post systems (eg that in the UK) are systems where electoral candidates stand for election to represent geographical areas (constituencies). Only the winner of each constituency election becomes a Member of Parliament. 2 ½

There are many variants of Proportional Representation systems, but they all seek to arrive at a situation where the number of parliamentary seats held by political parties is proportional to the votes that they received in the election. 2 ½

(d) (i) *What do you understand by the term representative government?*

The formal definition of representative government is a form of rule that is democratic and in which government is by representatives (eg by MPs) elected by popular votes. The exercise of authority is legitimated ultimately by the popular election of power holders. 3

In practice, the term representative democracy is often interpreted as implying that the political structure of representation is proportional to the votes cast by the electorate. However, this interpretation is more consistent with concepts of liberal democracy, which are usually associated with proportional representation systems of election. The latter is a form of representative government in which majority rule, based on competing parties, free elections and universal franchise is balanced by a stronger regard for individual and minority rights than is the case under first-past-the-post systems. 2

(ii) *To what extent is the composition of the House of Commons, following the 2005 UK general election, consistent with your understanding of the term representative government?*

The distribution of seats in the House of Commons, following the 2005 election, does not conflict with the broad concept of representative government (ie government that is democratic and by representatives (MPs) that have been elected by popular vote). 2 ½

The House of Commons seat distribution does, however, conflict with the concept of liberal democracy in that the distribution of seats does not limit the powers of government that are not, therefore, checked effectively by minority interests. This is a reflection of the UK's "first-past-the-post" electoral system that tends to produce strong governments rather than liberal democracies. 1 ½

In summary, Britain is a liberal, parliamentary representative democracy. 1

(e) *The 2005 general election result, like that of many of its predecessors, has stimulated pressure for electoral reform. Outline the nature of this reform and evaluate the case for and against UK electoral reform.*

The pressures for reform seek to change the UK electoral system from first-past-the-post to a PR system.

Strengths of first-past-the-post

Tends to produce more stable governments (ie larger government majorities in parliament) than PR systems where government is often exercised by fragile coalitions of political parties.

Because general elections are less frequent than in PR systems (because of stronger government), administrations are generally more successful in gaining

parliamentary approval of their policies than in PR systems and thus more likely to be able to implement their manifesto policies.

Every MP represents a clearly defined geographical area and the electorate within it. This creates a direct and personal responsibility on the part of MPs.

Weaknesses of first-past-the-post

It can be argued that they produce a democratic deficit, with parties elected to government with a strong working majority in parliament, despite only having won a disproportionately small share of the vote.

It tends to make large proportions of the electorate feel disenfranchised, resulting in low turnouts at general elections (PR systems typically generate a 70% turnout compared with 60% by first-past-the-post systems).

Strengths of PR

It can be argued that they produce a more democratic government, with parties gaining seats in parliament in proportion to the number of votes they received on a national scale.

They tend to encourage people to exercise their right to vote because they feel that their vote will count. (PR systems typically generate a 70% turnout compared with 60% by first-past-the-post systems).

Weaknesses of PR

Tends to produce weak coalition governments without overall parliamentary majorities. Government is therefore often exercised by fragile coalitions of political parties who are often united by only one policy objective.

Because governments are weaker and more fragile, general elections tend to be more frequent than in first-past-the-post systems, administrations are generally less successful in gaining parliamentary approval of their policies than in first-past-the-post systems and thus less likely to be able to successfully implement their manifesto policies.

Marking scheme for part (e)

1 mark for every substantive point well made, up to an overall maximum of 10 marks

- (f) *Apart from the demands for House of Commons electoral reform, outline other UK parliamentary reforms that have been either implemented or proposed since the mid-1990's.*

The Jopling Reforms (1994) changed the working hours of the Commons. They provided for fewer Friday sittings to make way for constituency work, morning sessions on Wednesdays, early 7pm finishes on some Thursdays, a 10-minute limit on speeches from 18.00-21.00, and a formal timetable for government bills after they have won a second reading.

1995 & 1996; greater disclosure of members' interests as a result of the Nolan Report. These were introduced in response to a perception of "sleaze" during Conservative governments of the early 1990s. They would seem to satisfy the

public's wishes for honest, open, accountable government, but it is not clear whether or not they improved the public image of politicians.

Prime Minister Blair (1997) changed Prime Minister's Question Time (PMQT) from a twice-weekly, 15 minute event on Tuesdays and Thursdays, to a once-weekly 30 minute event on Wednesdays. The aim was to transform the nature of PMQT from its "bearpit" confrontational atmosphere to one involving more considered and reflective exchanges between the Prime Minister and the Leader of the Opposition. However, most political commentators feel that the change has had little impact on the confrontational atmosphere of PMQT.

1998: Devolution to Wales, Scotland and (intermittently) Northern Ireland. These have devolved certain powers from Whitehall, but they raise the issue of how British "parliaments" operate under other voting systems and when there is no clear majority for one party.

1999: House of Lords Act removing voting rights from all but 92 hereditary peers. This has increased the legitimacy of the views of the Lords, but has not changed the actual power held by the Lords in comparison with the power held by the executive and the Commons.

Possible future reform

There have been proposals to extend the scrutiny and debate of EU documents and policies beyond the present-day Select Committee on European Legislation and two special Standing Committees to the entire House of Commons. This would improve scrutiny and debate of European legislation and policies.

House of Lords function as ultimate Court of Appeal to be transferred to a new Supreme Court.

Exploratory moves to increase regional government in England.

Marking scheme for part (f)
1 mark for every substantive point well made, up to an overall maximum of 10 marks

(50)

Question 2

- (a) The five models that seek to explain alternative views of the relationship between civil servants and their Ministers in the decision-making process are the:

Traditional Public Administration/Liberal Democratic Model.

Liberal Bureaucratic/New Administration Model.

“Whitehall Village” Model.

Power-Bloc Model.

Bureaucratic Over-Supply Model.

Traditional Public Administration/Liberal Democratic Model

Ministers are responsible for policy formulation and to Parliament for the conduct of their departments. Civil servants are answerable to Ministers and provide neutral advice to them and implement ministerial policy.

2

Liberal Bureaucratic/New Administration Model

This model does not exclude the possibility that a Minister may dominate and impose his/her will on a Department. However, it suggests a variety of factors (eg numbers, permanence, expertise of and control of information by civil servants, that tilt the balance of power in favour of civil servants. It portrays a fundamentally adversarial relationship between civil servants and ministers, where civil servants often obstruct and/or sabotage ministerial decisions.

2

“Whitehall Village” Model

The civil servant/government minister relationship is more complex in this model. Relationships are both cooperative and adversarial and operate across departments as well as within them. Civil servants, through their common culture and networks of contacts, prepare the ground for ministerial decisions.

2

Power-Bloc Model

This model seeks to portray civil servants as an “establishment” veto group, reflecting the composition/structure of the civil service which has traditionally been dominated by individuals from privileged socio-economic backgrounds. Civil servants deploy their administrative expertise and exploit their permanency in order to facilitate reactionary policy and thwart radical policy.

2

Bureaucratic Over-Supply Model

This model is linked to the right-wing critique of ‘Big Government’, prevalent since 1970. It proposes that self-interested civil servants seek to maximise their own interests (eg status, pay, other employment conditions) and to exploit sources of power in their relationships with ministers. This has led to the creation of an excessively large, bureaucratic civil service.

2

(10)

- (b) **Permanence**

This means that civil servants, unlike their political bosses, do not change when there is a change of government or a change of secretary of state/minister in their department. They remain permanently in place, regardless of political changes.

Several developments over the past two decades have undermined the feature of civil service permanence.

These include the appointment of increasing numbers of outside political advisers by ministers; the hiving off of the majority of civil servants into executive agencies; and the introduction of market testing and contracting out.

In 1991 departments and agencies became responsible for 95% of all recruitment and, in 1996, for all pay and grading below senior staff. Civil Service Commission retained direct responsibility only for recruitment in the top grades.

From 1996, the new Senior Civil Service was created. Most senior posts continue to be filled by insiders, but the door was opened for increased outside recruitment. Also provided for individual contracts, different rates of pay and performance related pay.

Overall, by the mid-1990s, a unified, career civil service no longer existed. By 1996, around 25% of agency chief executives and many senior civil servants were appointed from outside.

Neutrality

This means that, as far as their professional work responsibilities are concerned, civil servants should be politically neutral and must not provide information/advice that, against the backdrop of their own political beliefs, favours/acts to the detriment of the government.

The Thatcher-Major era tended to politicise civil servants.

For top appointments, Thatcher looked for “can do” approach rather than neutral analysis and integrity. Danger here was that civil servants would tell ministers what they wanted to hear, rather than what they needed to know.

Another issue has been the increasing use of civil servants for party political purposes (eg to cost the Opposition’s policy commitments or to draft party speeches or overt criticism of Opposition policy by leading public officials).

Top civil servants are automatically politicised by engaging in the devising, promotion, execution and defence of policies and strategies rooted in adversarial partisan politics. Serious ethical questions arise when, for example, senior civil servants are required to cooperate in concealing the full truth about a policy in order to save the government’s face and prevent a publicity victory for the Opposition.

Anonymity

This means that, constitutionally, ministers are responsible and accountable for all actions carried out by civil servants of their departments in pursuit of government policies or in discharge of responsibilities laid down on them by parliament.

But ministerial willingness to accept responsibility for the mistakes of civil service officials has declined. The practice of naming and shaming of individual bureaucrats has increased (eg the Westland case and the Scott Enquiry).

- (c) *Maximum of 2 marks for identifying and commenting on policymaking influence on each of any 2 groups of policy actors.*

Pressure Groups

This category can include sectional groups (eg the TUC, CBI, BMA, NUT) and cause groups (eg Greenpeace, BMA). Pressure groups which are “insider groups” have far more influence than those which are “outsider groups”. Amongst these groups, the unions used to be highly influential, but have over the past 15 years suffered a significant loss of power and standing. Industry lobby groups tend to be influential. For example, the CBI is believed to be having a major impact on the Blair government’s attitude towards the UK’s future membership of the Euro.

Quangos

A good example is the Bank of England which, although having to achieve inflation targets set by the government, has independence in terms of formulating and implementing monetary policy aimed at meeting the inflation target.

Media

The national press, in particular, frequently initiates/sustains campaigns on economic issues. Good examples, here, are believed to be government attitudes towards pensions and euro-membership policies. The media, as commentators on government policy proposals and implementation, frequently influence change in official policy.

4

(20)

Question 3

- (a) *Note: Flexibility is also needed when marking (a) – plausible schemes/policies/programmes should all be given credit. It is equally acceptable if some students choose to address several schemes briefly or just a few in more detail. It is suggested that no more than 3 marks be allocated to the discussion of any one scheme, implying that students are expected to discuss at least three schemes. Overall, marks are available on the basis of 1 mark per relevant point well made, up to a maximum of 7 marks.*

7

Schemes that candidates may discuss include:

Denationalisation of public enterprises (over 50 enterprises have been denationalised – eg the utilities, BP, the railways, coal, etc). Most organisations have been entirely denationalised, but the public sector retained a share in many, especially in the early years after privatisation.

Deregulation/liberalization of markets to enhance competition (eg bus industry, banking industry).

Contracting out of public services. Associated with market testing and best value (eg school inspection, refuse collection by many local authorities).

Reduction of public sector control (eg youth training, urban redevelopment).

Introduction of market forces into public sector “merit good” areas such as health and education. Involves “realistic” charges and/or “competing for customers” and being run akin to commercial businesses. Associated market testing and CCT in local government and the NHS.

Civil Service reforms aimed at reducing waste, bureaucracy, over-government (eg reduction in size; curtailment of privileges (replacement of “pay by comparison” by performance-related pay); and efficiency reforms (Rayner Scrutinies, FMI, Next Steps, Market Testing, Citizens Charter).

The growth of “Quango Government” – aimed to redistribute power from the “producer” to the “customer” (eg greater power to school governors to reduce power of teachers/unions (the producers) and raise influence of parents (the customers). But the whole issue of quangos is very controversial (the *democratic deficit*).

The Private Finance Initiative – aims to get the public and private sectors working more closely together in providing services to the public. Private sector funds the design, construction, maintenance and management of public sector projects (eg hospitals, motorways) which are leased back to the public sector. Advantage for the public sector is investment without public sector borrowing (leasing is cheaper than borrowing).

- (b)** *Part (b) requires candidates to evaluate the impact of policies. The subjective nature of (b) means that there is no simple right or wrong answer, and that there are likely to be significant differences in candidates' answers. Examiners are therefore required to use their discretion and to award credit for all well argued answers, up to a maximum of 8 marks.*

8

As a broad guide, better candidates are likely to discuss some of the following points in their answers.

The results of privatisation and marketisation have been mixed.

Media emphasis tends to focus on problem areas (eg the railways). But some of the difficulties of problem areas have little to do with privatisation (eg the former Railtrack's problems were largely due to its inheritance of a railway infrastructure that had been seriously neglected whilst in public ownership).

Media tends to give relatively little attention to successful areas (eg public utilities have made huge gains in efficiency, though this has been at the expense of shedding 180,000 jobs).

Some sectors that have improved their efficiency have failed to also improve their effectiveness (eg bus deregulation has significantly improved efficiency, achieved largely via withdrawal of conductors from buses – but this often slows buses' progress along routes, makes other traffic slower, and increases passenger perception of their exposure to threats of theft/violence/etc from other passengers).

Since privatisation, consumers have paid less for gas, electricity and telephones in real terms (but was this to do with privatisation or more to do with falling oil prices and technological advances?). Since privatisation, water bills have risen by one-third in real terms (was this because of privatisation or because of the ageing/inefficient system prior to privatisation?).

Perceived problem of "snouts in the trough"/"fat cats" (CEO's of privatised organisations). Connected with this is the issue of huge shareholder gains when on-selling privatised companies (eg Eversholt Leasing sold two years after privatisation for twice its original price).

Fears that old public sector monopolies (especially utilities) are being replaced, through the process of Merger & Acquisition (M&A), by new private sector monopolies (e.g. TOCs on the railways). In such instances, the regulatory system (in particular, the Competition Commission and/or the Secretary of State) often seems reluctant to interfere with these moves (through M&A) towards private sector monopolies and their associated potential efficiency gains.

(15)

Question 4

- (a)** Fiscal policy involves management of the UK economy through adjustments to taxation (direct and indirect) and public spending (current and capital).

It is the UK Government (largely the Treasury and Chancellor of the Exchequer) that determines fiscal policy.

It is associated with demand-management (Keynesian) policies whereby governments intervene in the economy to correct such problems as high/low quality public services, unemployment, balance of payments deficits and budget deficits.

Since the early 1980s, however, the role of fiscal policy (revenue account) has effectively been limited to securing a balanced current budget over the medium term (the golden rule).

However, the government is not required to balance the capital account (the sustained investment rule), and there have recently been, for example, large rises in capital spending on the NHS and education aimed at improving the quality of these public services.

Monetary policy involves management of liquidity and inflation in the UK economy, primarily through the adjustment of interest rates, but also (as was the case when the UK was briefly a member of the European Exchange Rate Mechanism) through exchange rate management.

It is currently the Bank of England, through its Monetary Policy Committee, that decides upon interest rate levels which are set with the aim of achieving the government's HCPI inflation target of 2% over the medium term.

Since the early 1980s, monetary policy has become the dominant tool of UK economic management.

9

- (b)** The argument that the UK government will no longer have the freedom to manage the UK economy relates primarily to the freedom to manage the economy through monetary policy.

The argument concerns the loss of freedom of the Bank of England and the MPC (rather than the government) to set interest rates that are appropriate to economic conditions (notably the level of inflation) in the UK.

Membership of the Eurozone would mean that the European Central Bank (ECB) rather than the MPC of the Bank of England would set UK interest rates and that inflation targets would be set by the ECB rather than by the UK government.

The freedom of the UK government to manage the economy through fiscal policy will be relatively unaffected by Eurozone participation.

However, the principle of economic convergence amongst Eurozone members places limitations on the maximum size of budget deficits (as percentages of GDP) and thus on fiscal policy options (Stability and Growth Pact).

In addition, some of the core Eurozone members (notably Germany) are advocating much more centralized EU management of Eurozone members' fiscal policy in the long run.

6

(15)

Question 5

- (a) Ethics is concerned with proper human behaviour and conduct.

Arguments for ethical approaches to governance are based on the importance of the public interest.

The integrity of public sector officials is essential if government is to operate properly.

The public sector's "market" includes taxpayers, direct clients, employers, employees, governments, investors, debtors and creditors and those within the business and public service communities who rely on the independence and integrity of public sector officials.

The need to maintain the collective well-being of the community of people and institutions served by the public sector imposes a responsibility on officials and gives them an important role and position in society.

The public sector can only retain its position of providing the public with a unique set of services and maintain its position of high regard, if it is seen to be regulated and can demonstrate that its services are provided to high levels of performance, in accordance with ethical standards designed to maintain public confidence that it will always act in the public interest and not in its own.

7

- (b) The main arguments against regulation are:

Agency capture – the close relationship between an activity and its regulators may make it difficult for the regulator to maintain an independent stance.

Moral Hazard – the fear that a regulator will make it more likely that service/product providers/users will act immorally or that they may not take reasonable care. For example, people using a pavement may not walk with reasonable care if they believe that regulation will protect them from the consequences of any injury incurred whilst walking on the pavement.

Compliance costs – the costs of complying with regulators' requirements and the costs of regulation itself may increase the overall cost of the service/product to the consumer.

Increased entry and exit costs – these may deter the inflow of new service/product providers or outflow of inefficient service/product providers, thus acting to limit competition, efficiency and effectiveness.

8

(15)