

# The challenge to democracy is from capitalism

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Like many I am grateful to the Guardian newspaper for its work on Cambridge Analytica. Its expose of the use of data trawled from Facebook to seek to subvert choice in elections is well worth another year's voluntary payments, however much I get annoyed by the paper on occasion.

But in amongst all the issues raised I want to point out the big one that is not being stated clearly enough. The challenge to democracy that the Guardian has exposed does not come from Russia. Nor is the issue particular to Cambridge Analytica. And I doubt it is peculiar to Facebook either. The challenge to democracy comes from capitalism itself.

If anyone used the weaknesses in the systems of Facebook for their own ends (and it seems certain that they did: that was Cambridge Analytica's *raison d'être*) then this was not a case of 'bad apples'. This happened because capitalism is designed to exploit weaknesses in pursuit of profit unless prevented from doing so.

Facebook let data be used because it thought it would profit from it.

Cambridge Analytica looks to be a company without a moral compass. But there are a multitude of those.

And the cost is to society at large. The fact that in this case the cost is very large indeed, maybe resulting in the world having to suffer Trump as US President and in the UK opting for Brexit. As costs go, these are staggering.

And yet they are only the specific costs. The systemic ones may be larger still. The greater cost is to trust.

Bizarrely, the whole edifice of capitalism has to be built on trust. In the absence of the perfect information that economists assume exists as the basis for their prescription that markets deliver the optimal allocation of resources within the global economy, trust that the purveyor of any product or service can be relied upon to supply the product as described is essential to the effective operation of markets. Ultimately, it is

what we all have to rely upon. That we cannot do so is indicated by the fact that we have so much regulation. But even so, trust remains at the heart of the system. And so pervasive is that requirement that the whole edifice of governance, whether within business, or beyond in greater society is built on the same basis.

The actions of Facebook and Cambridge Analytica shake that assumption that we might trust the corporate world to its core. Of course, they are not the first companies to have done that. They will not be the last. But their cases are exceptional in one way, and indication of what might be to come in another. Few companies have ever had data on a quarter of the world's population before now. And few that we know of have used that so ruthlessly, and apparently with so little conscience, to seek to undermine the system of democracy that is, in my opinion, essential in providing the checks and balances that are the only things that make any form of capitalism acceptable. This can only get worse if unchecked now.

In that case might I make a quiet plea? Might we stop obsessing about Russia? If they have exploited this they are just one of many who might have, or have been willing, to do so. Lowest common denominator market players will find customers. Instead might we ask what it is about capitalism that must be transformed (I use the word rather than reformed, wisely) to ensure that what it can do - which is provide us with choices and the opportunity for billions to work in the ways they wish using their skills in the way they want - might be of best service to human kind without putting at risk the whole of society as we know it?

This has to start with changing the rules of the game. The idea that limited liability is sacrosanct, most especially for those who run companies, has to end. Such a provision may be appropriate for shareholders. For directors who permit wrong doing it cannot be permitted.

Nor can the assumption that capitalism can operate behind closed doors be sustained any more. We know government has been improved by the right to know. Maybe the time for freedom of information enquiries of big business has arrived.

And, of course, the interests of shareholders cannot come first. They are important, but only amongst equals. That means employees, suppliers, customers, government, communities and civil society rank equal alongside them. As does the environment, even if it has to rely on human custodians to act for it.

Whilst the boundaries of what companies may do may have to be re-written.

And the whole idea of audit may need to come in to vogue once more, with a focus not just on accounting but on governance, ethics and community risk. And it is not an activity that could be done in pursuit of commercial profit.

Whilst if we are serious about defending democracy - and I am - the idea that seeking

to subvert democratic choice must be an offence has to be taken seriously.

I accept these ideas need development, and discussion. But my point is clear. Let's not get lost in the detail of the abuse Cambridge Analytica has undertaken. Let's look as well at the systemic issues that they and Facebook raise. They are much more important. And existential in nature.