

The SOCIAL CREDITER

For Economic Democracy

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Editorial

“We stand at a critical moment in Earth’s history, a time when humanity must choose its future. As the world becomes increasingly interdependent and fragile, the future at once holds great peril and great promise. To move forward we must recognise that in the midst of a magnificent diversity of cultures and life forms we are one human family and one earth community with a common destiny.” (Biodynamic Agriculture Association)

The early 21st century is a watershed. Political leaders fail to carry conviction. Religious leaders offer solutions more relevant to the past than the present day, while scientific ‘experts’ point to a future devoid of moral guidelines. The result is a maze of conflicting messages.

Although it appears that individuals have little choice but to accept the status quo, with all its benefits and dangers, it remains a true fact that in going about their daily business, each individual endorses the status quo. The sum total of the actions of individuals across the world economy determines how incomes are earned through the production of goods and services, and how those incomes are spent.

Self interest became the dominant motivation of the 20th century. On the political front workers came together seeking better wages and conditions

for themselves as workers. ‘Labour’ was opposed by ‘Conservatism’, the desire of employers to increase output though efficient management, spurred on by the desire for financial profit. Ironically, with the rise of national and global corporatism, accompanied by massive state bureaucracies in service provision of gas, electricity, transport, health, education and a host of other services, the self-employed capitalist class had all but disappeared by the late 20th century. Most income earners – waged or salaried – could be hired and fired by corporate bodies controlled by no identifiable human employer. Sectional interests appeared as the only coherent battle ground, as ‘we’ car workers, teachers or health-service providers demanded a better deal from ‘them’ – everybody else.

Quietly, behind the scenes, a saner approach to life, work and the universe prevented the system from breaking down completely. Local small businesses provide local people with goods and services. Locally owned farms, market gardens, shops, hairdressers, schools, vets, alternative medicine, undertakers and so on have all along been motivated primarily by a desire to serve the local community as much as by the desire to remain financially viable. The law, however, is on the side of the big corporation. Hence, as this issue of TSC demonstrates, the battle is now on to reverse the eradication of local autonomy, by restoring accountability between producers and consumers. And that is best done on a human scale, by individuals who have taken

time to study the issues so that they can support local production and consumption from an informed standpoint.

We continue to receive much well-presented literature which deserves to be studied, by individuals or groups, from a social credit perspective. In this issue we have included several short reviews or extracts from works which merit thoughtful study. After all, as they say, the only fish that swim with the tide are dead fish. It is time to come alive and actively engage with current issues.

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Technofix or Human Scale?

By Kirkpatrick Sale, Global Brain, no. 149, 14 January 1998

Human civilisation, particularly that of the West and more particularly still that of the United States, is at a momentous turning point. It is not in simply one or two dimensions that our world is changing, but in all of them, and synergistically. It seems clear that future historians will mark a new age beginning somewhere within our lifetimes.

The Question then is: 'What kind of new age will it be?' There are, in truth, only two answers to that.

Technofix

It could be an age of bigness continuing certain obvious trends of the present towards large-scale institutions, multinational corporations, centralised governments, high-technology machinery, large cities, high-rise buildings, luxury cars, and all that is

implied in the American (and European) ideology of unimpeded growth.

That would seem to have to entail the expansion of the present corporate-governmental alliance, leading to a fully mixed system of state and private capitalism, government regulation of scarce resources, increased corporate conglomeration, some greater degree of social regulation by the organs of government, further consolidation of political power within the executive branch, and corporate-government encouragement of the arts.....BIG would be better, PROGRESS our most important product.

Essential to this future is a belief in technofix: that is, that our present crisis can be solved, or at least ameliorated, by the application of modern technology and its attendant

concentrations of science, government and capital.

Human Scale

The other possibility for the new age to which we are moving lies in exactly the opposite direction: towards the decentralisation of institutions and the devolution of power, with the slow dismantling of all the large-scale systems that in one way or another have created or perpetuated the current crisis, and their replacement by smaller, more controllable, more efficient, people-sized units, rooted in local circumstances and guided by local systems.

In short, the human-scale alternative.

From Kirkpatrick Sale's 'Human Scale' (London, Secker and Warburg, 1980)

Extract from **Green Economics: Beyond Supply and Demand to Meeting People's Needs**

Molly Scott Cato and Miriam Kennett (eds) Green Audit 1999

Some Greens would argue that economic growth requires poverty, that the danger of being deprived of goods is the motivation to work within a capitalist economy, that relative deprivation is actually the engine of economic growth. According to Jeremy Seabrook,

"This is where the poor have such a vital role. They are not merely the foil, whose suffering goads the rich into the endless accumulation of more, but they also offer the sole moral justification for the necessary dynamic of continuous growth and expansion."

If Jeremy Seabrook is right, and it is indeed the gap between rich and poor that keeps the economic shark moving through the capitalist waters, then this dynamic also requires that the poor

feel their poverty, and that shame drives them to seek to improve their position in the consumption hierarchy. The power of this drive is seen in the spectacular success of the national lottery in the UK, especially amongst some of the poorest people. ...

We can all as individuals challenge the view of human nature that justifies the growth and production system. Are we really greedy, selfish, competitive, rational creatures/ If not, then we should prove it in our everyday lives. The economic system relies on the defects in our human natures for its survival; acting more nobly is itself a challenge to that economics and the foundation-stone for building a new one. There are many actions we can take to undermine this mean-minded view of us: leave your front door unlocked (if

you have reduced your consumption sufficiently, nobody would consider stealing from you anyway!); pay the toll charges for the person behind you as well as your own; turn down a promotion to spend more time with your children or your lawnmower; give away things you could exchange for money; show that you trust people by working without a legal contract. Sometimes you will lose by taking these actions, you will be 'a sucker'. But that is the whole point, because real human beings are suckers. So, in the words of that 1960s phrase, perform acts of pointless beauty, because such acts are the true 'wealth beyond measure' we all have infinite access to and they are therefore the greatest threat to existing economics.

Molly Scott Cato is the Green Party's Economics spokesperson

Frederick Winslow Taylor: The man who made us all work like this...

David Boyle

One of the most characteristic developments of the 20th century - in social change, in consumerism and in the deadly new efficiency of war - was arguably the rise of industrial mass-production. The way Ford's assembly line spread out of the factory to society as a whole was described as 'fordism' by the Italian Marxist thinker Antonio Gramsci. We are now in a post-Fordist world - the robots have taken over the factories, the masses don't work there any more - but we are not necessarily in a 'post-Taylor' one.

The year 1903 marked the true beginning of mass-production in a series of developments at the leading edge of management thinking. Henry Ford founded the company that bears his name and started experimenting with ideas that would lead to the assembly line, whilst the man behind 'scientific efficiency' and time-and-motion study first unveiled his ideas to American engineers. On 23 June 1903, Frederick Winslow Taylor rose to address a meeting of the American Society of Mechanical Engineers on the subject of 'Shop Management'. By 'shop', Taylor meant 'shop floor'. As far as he was already known to the meeting, it was as a controversial industrial manager who was supposed to have worked miracles of productivity at the giant Bethlehem Steel plant in Bethlehem, Pennsylvania, churning out iron plating for the world's battleships.

The ideas that became 'scientific management' meant breaking every task down into units, measuring how long they take and setting targets for workers to meet. Cultural historian Martha Banta described Taylor's 1903 lecture as "one of the key documents shaping ... modern industrialisation", and leading management writer Peter Drucker as "the most powerful as well as the most lasting contribution America

has made to Western thought." Watches have always been symbols of industrial servitude, according to the historian E. P. Thompson, in his classic 1967 essay on "Time, Work-Discipline and Industrial Capitalism". But there is no doubt about Taylor's influence.

Forced by failing eyesight to leave Harvard in 1878, Frederick Taylor first went to work at the Midvale steel plant in Philadelphia. Philadelphia was then one of the biggest industrial centers on the planet, the second biggest city in the USA, with a population of nearly 850,000 and export figures more than five per cent of the exports of the whole nation. When he went to Midvale, the skilled craftsman, direct heir to the medieval craft system, was still the respected heart of any factory. Taylor was quickly promoted to sub-foreman, and was determined to force former shop floor colleagues into more productive methods, a determination which earned him death threats. He wrote later:

"In all such cases, however, a display of timidity is apt to increase rather than diminish the risk. So the writer told these men to say to the other men in the shop that he proposed to walk home every night right up that railway track; that he never had carried and never would carry any weapon of any kind, and that they could shoot and be damned."

They never did.

He laboriously analysed which tools were most effective and what kinds of steel were most productive to calculate how much work each employee should do each day. 'Scientific management' meant regimented experimentation and Taylor's experiments went like this:

1. Break down any job into its

component parts - as far as it would go, to the basic movements.
2. Next, time each of those parts with a stopwatch to find out just how quickly they can be achieved by the quickest and most efficient workers.
3. Get rid of any unnecessary parts of the job.
4. Add in about 40 per cent to the time, for unavoidable delays and rest.
5. Organise pay scales so that the most efficient people can earn considerably more by meeting the optimum times, while the average have to struggle to keep up.

This was the formula for efficiency that led to job cards, time clocks, inventory control and all the other paraphernalia of 20th century manufacturing. This was the system that made him famous at Bethlehem, where he put his ideas fully into practice. Bethlehem at the time boasted the largest machine shop in the world. But the American steel industry was reeling from a price-fixing scandal for armour plating, and desperately needed to find some way of cutting costs. Hence Bethlehem's hopes rested on Taylor.

His big experiment started in earnest in March 1899 with his ten 'best' men, who immediately refused to carry pig iron on that basis and were sacked. Taylor then tried Dutch and Irish workers. They wouldn't budge either. By offering higher wages there and then, Taylor and his assistants managed to attract volunteers, but by the end of May he reckoned he could only really describe a miserable three out of his team of 40 as 'first class men'. It soon became clear that even the three strongest men could only manage to carry weight for exactly 42 per cent of the day. Any more, and they got exhausted.

All except one. He was called Henry Noll - and Taylor named him 'Schmidt' in almost everything he

wrote, describing him as an ox and “stupid and phlegmatic”. Noll was Taylor’s great example: he was what he really wanted working men to be - focused, uncomplicated and compliant. Taylor told Noll:

“If you are a high priced man, you will do exactly as this man tells you tomorrow, from morning to night. When he tells you to pick up a pig, and walk, you pick it up and walk. And when he tells you to sit down and rest you sit down. You do that straight through the day. And what’s more, no back talk.”

Noll was Taylor’s breakthrough. Taylor’s contention was that workers generally kept their employers in the dark about how hard they can work. Once he had identified what was humanly possible, he could fix pay-rates so that the workforce could earn more - if they worked more efficiently. By 1901, the workforce at Bethlehem was handling three times as much material as before and their wages were 60 per cent higher. He reduced the number of shovellers in their two-mile goods yard from 500 to 140. But it wasn’t enough. Taylor fell foul of management in-fighting, and they were already angry with him for all his sackings. As well as running the plant, Bethlehem needed workers to rent their homes, and Taylor sometimes seemed as if he was intent on emptying the company villages of tenants.

After his surprise dismissal in 1901, Taylor never worked as an employee again. Despite being the father of mass-production, he was also the first of the breed of workers that would eventually displace the whole concept, the first of the new breed of knowledge workers that would undermine his own legacy - the first management consultant.

After the 1903 lecture, Taylor came to national prominence thanks to the future Supreme Court justice Louis

Brandeis, who realised ‘scientific management’ could win his case against the railroad companies for raising fares - in fact, it was Brandeis who coined the term ‘scientific management’ that Taylor embraced. But his methods were extremely controversial. A series of strikes followed the introduction of his ideas in the vital American armaments factories, which in turn led to a series of gruelling congressional hearings.

Although Ford always claimed never to have read him, the first assembly line - at Ford’s Dearborn plant in 1913 - would probably have been impossible without Taylor and his endless measuring. The two men had things in common. They both disliked financiers, and both claimed to be on the side of the workers. To quote Taylor:

“What really happens is that, with the aid of the science ... and through the instructions of the teachers (the experts) each workman ... is enabled to do a much higher, more interesting and finally more developing and more profitable kind of work than he was before able to do.”

But the workforces didn’t see it that way. And they seemed to win: Congress banned time-and-motion study methods from government factories in 1915. The trouble was that Taylor’s ideal worker wasn’t really human at all. He was a cog - an automaton who did what he was told.

“Every day, year in and year out, each man should ask himself over and over again, two questions,” said Taylor in his standard lecture. “First: “What is the name of the man I am now working for?” and having answered this definitely then: “What does this man want me to do, right now?” not: “What ought I to do in the interests of the company I am working for?” not: “What are the duties of the position I am filling?” not:

“What did I agree to do when I came here?” not:

“What should I do for my own best interest?” but plainly and simply: “What does this man want me to do?”

Hand in hand with this assumption - that the workforce had nothing to offer but brawn - was the enthusiasm for standardisation:

“My dream is that the time will come when every drill press will be speeded just so,” his assistant Carl Barth told the congressional hearings in 1914, “and every planer, every lathe the world over will be harmonised just like musical pitches are the same all over the world... so that we can standardise and say that for drilling a one-inch hole the world over will be done with the same speed.”

It caught the totalitarian spirit of the time. Mussolini set up a propaganda arm of his government to promote Taylorism. Taylor’s ideas inspired Lenin’s director of the Central Institute of Labour, poet Andrei Gastev, to write “Factory Whistles, Rails and Tower”, based on the ideal of “subordinating people to mechanisms and the mechanisation of man. Lenin wrote in Pravda in 1918 that Taylor combined “the refined cruelty of bourgeois exploitation with a number of the most valuable scientific attainments. We must introduce in Russia the study and the teaching of the Taylor system, and its systematic trial and adoption.” In the Cold War, the industry behind both American consumerism and Stalin’s grandiose planning had Taylorism at their heart.

“The First Five Year Plan was written largely by American Taylorists and directly or indirectly they built some two-thirds of Soviet industry,” said the cultural historian John Ralston Saul. “The collapse of the Soviet Union was thus in many ways the collapse of Scientific Management.”

Experience showed how mass production could be misused - in the mechanical destruction of the Western Front and the concentration camps - and Taylor's reputation had begun to suffer. If Aldous Huxley's novel *Brave New World* held up Fordism to ridicule, Yevgeny Zamyatin's *We* (1921) distopia - where every mouthful of food has to be chewed exactly 50 times - is hitting back at Taylor. By 1973, Keith Aufhauser's study was arguing that Taylor had simply borrowed his methods from the slave plantations. The idea that Taylor was actually de-skilling his workers - by refusing to let them think - was first put forward the following year by the Marxist historian Harry Braverman. It's now the standard criticism. Peter Drucker, probably the most influential management writer since Taylor, argues that Taylor shares the honour of having as much influence on the 20th century as Freud and Darwin - more even than Marx.

The rehabilitators say that, whatever his faults, Taylor was responsible - maybe more than anyone else - for the unprecedented wealth created by 20th century industry. Between 1907 and his death, manufacturing efficiency per employee went up by a terrifying 33 per cent every year. In some ways, the modern industrial world has been basking in his success ever since.

How relevant is he today, given the demise of his assumptions and the industrial edifice he created? We don't have to look far. Call-centres, fast-food systems, NHS targets, school league tables, sustainability indicators and the battery of statistics by which public services are now run all over the Western world, all owe their existence to Taylor's questionable but potent legacy.

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Funny Money, The Tyranny of Numbers, The Money-Changers, Authenticity: Brands, Fakes, Spin and the Lust for Real Life.

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Editor's Note: Although as an engineer Douglas was enthusiastic about technological progress, he deplored Taylorism. See section in *The Political Economy of Social Credit and Guild Socialism* (Frances Hutchinson and Brian Burkitt) on "Work, Leisure and the Problem of Unemployment", pp65-69 which discusses Douglas' early comments (1919) on the subject.

Conscious Sovereignty

C.H. Douglas replies to questions in Central Hall, Liverpool
October 30th 1936

Questioner A: What you suggest will cause unemployment?

C.H. Douglas: The most dangerous man at the present time is the one who wants to get everyone back to work, for he perverts means to an end. This is leading straight to the next war - which will provide plenty of work for everyone.

Questioner B: Is it not true that in totalitarian states, such as Germany, experts have been told to produce results?

C.H. Douglas: It is not the people who have specified the results that they want, but the dictator; and the assumption of dictatorship is that the dictator knows what is good for the people. As a theory of government this is similar to the idea that you must have strict supervision to see that the girls in a chocolate factory do not eat the chocolates, whereas, as everyone knows, it is quite unnecessary, because after the first orgy which makes them sick, they tend not to eat chocolates.

There is too much attention paid to the material aspects of these matters. *What is important is that we should become conscious of our sovereignty - that we should associate consciously, understanding the purpose of our association, and refusing to accept results which are alien to the purpose of our association.* We must learn to control our actions consciously, and not act at the behest of some external control of which we are not conscious. That is exploitation, and is similar to the behaviour of an insane man led to the edge of a precipice because he has no control over his own actions.

Questioner C: Is not the demand for a National Dividend a demand for a means rather than an end in itself?

C.H. Douglas: The essence of the Electoral Campaign is an assertion of sovereignty - of power. We must demand something concrete. In order to be effective it is necessary that the demand should be for something reasonable. A demand for a National Dividend is not necessarily a demand for money, but for a rightful share in what we know exists or could be made to exist, without taking anything away from anybody. That is a reasonable demand.

Schisms and Schismatics

C.H. Douglas (1936)

I have recently had a number of letters asking me to deal with various schisms and schismatics in the Social Credit Movement. I have no intention of doing so, for several reasons. So far as these schisms involve attacks on me personally, I am very much inclined to agree with David Harum that it is good for a dog to have a certain number of fleas; it keeps him from brooding over the fact he is a dog. ...

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Mrs Partridge has a Farm

Bryony Partridge

I have the privilege of running an 8 acre smallholding, keeping sheep for lamb and wool production, beef cattle, a few hens and a colony of bees, as well as growing vegetables and fruit for home consumption.

Spring and lambing time bring the annual visits by parties of children from the local primary school “to see the lambs”. They also get an introduction to agriculture from Mrs P. Young children from the nursery and reception classes, aged from 3-6, come in groups. We live in a large village on the urban fringe, with open countryside and moorland on the doorstep, so these are not children from an inner city area.

This year, one child in the first group asked me why I am a farmer. I waffled for a moment or two about enjoying looking after animals, and looking after the land, and then got to the point and said it was because I like eating, and eating good food, and I enjoyed producing good food for us and for others to eat.

With the next groups, I started my little educational chat by asking “Why do we have farmers? What do farmers do?” Sadly; the replies were all along the lines of “They keep the sheep safe”, and not one child mentioned food production. When I told them that if there were no farmers in the world, they would go to the supermarkets and find there was no food in them, they looked back at me in blank bewilderment. With children of that age, I did not dwell on the meat production side too much, but took them to see the hens. One group, when asked why I might keep hens, had no ideas at all, and it was only when I opened the nest box and marched them all past so that they could see inside that they finally got the link between hens and eggs.

My talk centred around living things

and what we all have in common: the need for (clean) air to breathe, clean water and food. When asked where water comes from, the reply “tap” was immediate. Beyond that we had difficulty. One very bright little lass, in one group, said the water got into the taps from rivers and reservoirs, but when I asked where the water came from that went into the rivers and reservoirs, we hit a deafening silence. Even after clues like “we had a lot last night” and teachers and helpers making trickling down gestures with their hands, I’m afraid the link between rain and water to drink eluded the children and had to be spelled out.

The different sorts of food for different creatures was looked at, and this eventually brought us to the manure heaps to look at food to make the grass grow. It was a joy to see the initial giggles about “cow poo and wee” change to astonished admiration as they came to understand how the cycle of nutrients works, and how all the parts are interconnected. I understand that one poor child got told off by its mother a few days later for commenting on all the cow pats in a field they drove past, until it was explained that they had been learning about this food for the grass at school. Even the parents need educating.

It is worrying to see how children, even from an area like this, simply have no idea where their food comes from. Having seen some of the Jamie Oliver series, I think I shall have to include vegetables and the growing thereof in my little talk in future years. I am just grateful to have the opportunity to introduce these little ones to the basics of where their food comes from. They seem to enjoy it all too, and it may well stay in their memories. A week

after the visits I was informed by one of the teachers that the reception class now have a new song: “Mrs Partridge has a farm . . .” to the tune of “Old MacDonald has a farm”.

Bryony Partridge is the treasurer of the Social Credit Secretariat

Government by Money

C.H. Douglas

These taxation schemes (Douglas was previously speaking of proposals by Keynes and Silvio Gesell) – I am not now talking of any particular theory, I am talking of conceptions of life – all these schemes are based on the assumption that you have to stimulate something or other. They are an attempt to produce a psychological effect by means of the monetary system. In other words, the monetary system is regarded not as a convenience for doing something which you decide yourself you want to do, but to make you do something because of the monetary system.

The social credit conception of a monetary system is that it should be a system reflecting the facts, and it should be those facts, and not the monetary system that determine our actions. When a monetary system dictates your actions, then you are governed by money, and you have the most subtle, dangerous and undesirable form of government that the perverted mind of man – if it is the mind of man – has ever conceived. The objective of the present system, and also the objective of many of the more unusual proposals which people are discussing to replace the present system, are consciously or unconsciously based upon the idea that the individual must be kept in a condition of economic dependence. ... What is happening at the present time is that more and more people are becoming economically dependent. (*The Approach to Reality, 1936*)

Corporate law and structures - exposing the roots of the problem

Rebecca Spencer
Corporate Watch 2004

Company law is killing the planet. The law determines that companies are machines for making money for shareholders, regardless of the consequences for everyone else. The law provides companies with protection originally intended for human beings, yet frees them from the liabilities individuals face. Single-minded and legally sheltered, corporations are able to prey on society and the planet while fostering an ideology that paints them as ethically-concerned citizens. Corporate Watch cuts through the public relations and invites readers to take on the challenge of re-inventing corporate structures.

SUMMARY

Introduction: Law for non-lawyers
Why is company law important for ordinary people? How does a knowledge of company law affect the way we think about and campaign on corporations? What is a corporation?

Brief history of UK corporations
Where did corporations come from? How did the modern corporation develop? Why did they seem like a good idea at the time?

PART 1 – CURRENT UK COMPANY LAW

Who is a corporation? Directors, shareholders and everyone else
Legally a company is owned by its shareholders and controlled by directors. Directors have a duty to act in the best interests of shareholders' investment and are not permitted to consider any other interests.

Corporations are people too! The corporation and human rights
A corporation is an artificial person permitted to do most things a person can do in terms of business.

Corporations regularly make use of legal precedents which originally related only to real people. Under the 1998 Human Rights Act, corporations can claim rights to a fair trial, to privacy, to freedom of expression, and to property.

Who is responsible? Liability and the 'veil' of incorporation
Corporations have 'limited liability', which means shareholders are not responsible for the debts of the company or for civil or criminal offences. This also applies where the shareholder is another company – a parent company is largely protected from responsibility for its subsidiary. Making companies liable for criminal offences such as manslaughter is extremely difficult.

PART 2 – THE EFFECTS OF CURRENT STRUCTURES

Corporate Power: The elephant in the courtroom
Corporations' economic power and lobbying over governments makes changing company law extremely difficult, though lawyers generally refuse to see this power. Companies are in some ways legally obliged to use their power as their sole motive is to protect and enhance their profits.

CSR – Corporate Sidelineing of Reality
Corporate Social Responsibility is the currently popular ideology by which companies claim to be good for society and the environment. However it ignores the fact that corporations are legally responsible only to their shareholders' profits and are not allowed to consider other interests. This means that CSR is basically a hollow myth.

The corporate mind

The corporation is run as a centrally planned dictatorship. However, there is no dictator: neither shareholders nor directors have ultimate responsibility for the company's actions and purpose. This allows the corporation to plough on regardless, acting single-mindedly in its own best interest.

Corporate psychology – killing from behind a desk
Most people who work for corporations think of themselves as basically decent and good, even where they are involved in planning or authorising actions which lead to death, disease and impoverishment of people or destruction of the environment. What psychological mechanisms make it possible for them not to feel responsible? How can they be held responsible?

PART 3 – POSSIBLE CHANGES

Small and large companies
Part of the problem stems from the fact that large companies are governed by rules originally intended for small ones. How can the law distinguish between different sizes and types of corporation?

National and international action
Corporate power is transnational. Efforts to control it must be too.

Reforming corporate decision-making
Corporations must be made actively and formally to take account of the interests of workers, customers, suppliers, people living near their operations and the rest of the world. This would fundamentally change what corporations do.

Reforming corporate personhood
As artificial creations, corporations should not have human rights nor human legal standing. This is

necessary to protect the interests of real human beings.

Reforming liability

How can criminal law be enforced against corporations? Corporations should be held responsible for the actions of subsidiaries, or should not have subsidiaries. Reform of limited liability would discourage irresponsible behaviour and risk-taking.

Rotten companies in rotten industries
What can be done about companies and industries which are inherently harmful?

Conclusion: a political debate

The following statement is taken from a leaflet produced by Corporate Watch

Why watch corporations?

In the conventional economic view corporations are simply neutral providers of the goods and services that people want. They exist to serve society's needs (and make a tidy profit in the process). This view dismisses corporate crimes as mere accidents, at worst errors of judgement, which will ultimately be corrected, since market forces have everyone's best interests at heart. Don't they?

There is another view – increasingly developed by alternative media, courageous radical thinkers and grassroots groups around the world. In this view, corporations have gained power out of all proportion to their original purpose; the goods-providing machine has changed from servant to master and is the only true citizen. The rights of corporations – disguised as 'encouraging foreign investment', 'promoting free trade' and 'protecting the national interest' now take precedence over human rights, community concerns, and the health of the planet itself. Corporate Watch is part of the growing anti-corporate movement springing up around the world. We are a research group

supporting the campaigns which are increasingly successful in forcing corporations to back down from environmentally destructive or social divisive projects and dragging into the spotlight the corrupt links between business and power, economics and politics. This against the resistance of a complacent, corporate-led mainstream media.

What is Corporate Watch?

From Corporate Watch's beginnings which focused on PFI roadbuilding, we have broadened out to examine the oil industry, globalisation, genetic engineering, food, toxic chemicals, privatisation and many other areas, to build up a picture of almost every type of corporate crime and the nature and mechanisms of corporate power, both economic and political. We have worked with, and provided information to empower, peace campaigners, environmentalists, and trade unionists: large NGOs and small autonomous groups; journalists, MPs, and members of the public. Over seven years we have transformed a loose association of activists and researchers into a respected professional research and campaigning organisation, run efficiently as a workers' co-operative. We are currently supported mainly by donations from individuals and those few independent trusts and foundations willing to support an organisation such as ours. We do not take money from corporations or government.

Corporate Watch is a not-for-profit research organisation working to expose the environmental and social impacts of transnational corporations, and the structural and systemic causes behind them. Current projects include: UK food and agriculture; the public relations industry; biotechnology; corporate structures; and a newsletter and email news updates on corporate issues. Most research is available free on our

web-site.

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Extract from Jonathan Porritt's Foreword to Karen Christensen's ***The Armchair Environmentalist: 3 minute-a-day action plan to save the world***
MQP, 2004 £7.99
ISBN 1-84072-624-5.

As Karen Christensen keeps reminding us, there's a limit to what the politicians and businesses can do if we – as citizens and consumers – aren't prepared to do our bit. "If we all do a little, it adds up to a lot."

And in future years we have to hope for a rather more powerful impact not just on people's behaviour, but on society's values. In that respect it's the celebratory element in *The Armchair Environmentalist* that I find so inspiring. There really is no point being pious about seeking out a more environmentally and socially responsible lifestyle. At its simplest (but most often overlooked) level, environmentalism is all about celebrating the gift of life – including a living relationship with the rest of life on earth. Better by far to celebrate that gift in joy rather than garbed in sackcloth and ashes.

Ultimately, it all comes down to what it is that makes us feel good about life. And the odd thing about the last 30 years or more of breakneck economic growth and consumption-driven affluence is that it hasn't led to corresponding increases in personal well-being and happiness. Which is precisely why Karen Christensen's own secret to happiness ("not getting more, but wanting less") provides such a fitting foundation for her words of wisdom.

National Council of Women of New Zealand

Te Kaunihera Wahine o Aotearoa

Guest Editorial July 2004

The Work-Life balance exercise, which engaged our attention earlier this year, encouraged us to think about the time out we all need to stop and smell the roses. The disappointing aspect of the project was its assumption that work is supposed to be our major source of income, whether directly as employees or indirectly through tax transfers to superannuitants or beneficiaries. The question in that old Flanagan and Allen ditty was not asked: "Why must we keep on working? What a silly thing to do!"

Why, indeed? Could not a substantial portion of our incomes be derived not from ourselves or other people, but from the technology which produces most of our national product in modern times? Scientists tell us that "work" involves transfers of energy – meaning that most of the "work" in the universe does not involve human labour. Thankfully our human forbears learned to harness nature's energy in miraculous ways and apply it to the raw materials around us. Sometimes, though, nature can deny or destroy resources, making them scarce – forcing up their physical costs, occasionally forcing us to seek substitutes. It didn't take long for the more cunning of our forbears to realise that command over essential resources could confer power – even if that meant keeping them artificially scarce.

Early in the nineteenth century David Ricardo recognised that agricultural land was the scarce factor of production, yielding handsome returns to those who owned it. On the other hand there was one factor which was plentiful and cheap as the Industrial Revolution gained momentum. It could be employed for long hours at subsistence rates of pay. It was human labour. Meanwhile, although machinery was becoming cheaper to produce, (i.e. physical capital) the

wealth it earned was jealously guarded by industrialists and financiers unwilling to share the bounty with the common herd, until philanthropists like Robert Owen and Disraeli's Young England Group, with the French Revolution still fresh in their minds, did attempt to relieve the misery of the poor. Later the union movement succeeded in diverting a little of the profits earned by capital to the workers – yet most of the world's wealth generating assets continued to be owned and controlled by the few.

Of course there is a valuable way of acquiring the sort of capital that education bestows – called "human capital". Knowledge and skills put us into the income brackets where the raw wage component of labour is enhanced by the returns to the technology we use – from tractors to telecommunications. But are we entitled to outright ownership of our inherited technology?

When Karl Marx asked who should own the means of production, distribution and exchange, his followers envisaged nominal ownership by the "proletariat" but actual control by a party elite. Like the Fabians, Marxists did not regard workers as capable of directing their own affairs. Nor did the Social Darwinists who really believed only the "fittest" should be in control – even if they had to elicit the help of governments – as in the high tariffs enacted by the United States politicians to protect local industrialists and their investors. It took a humble Spanish curate to demonstrate how workers can form cooperatives, manage them, market their products and earn profits and dividends in addition to their wages. The Mondragon Cooperatives of the Basque Country have not made headlines but even sceptical

economists have conceded that they are successful.

We are used to dairy co-ops in New Zealand. But we are also used to the kind of social ownership of state assets which can return a social wage or dividend when we receive state education, public health services and access to highways and parks. Privatisation has deprived us of other benefits like cheaper energy but we have learned that there is a legitimate place for socially owning our major infrastructures.

For women this is vitally important, especially while ideologues (mainly men) still preach market forces for this aspect of our economy.

But what about the private sector? NASA scientist, turned economist, James Albus, challenged the "full employment" policies advocated by the political parties across the spectrum. "If robots (automation) do most of the economically productive work, how will people receive an income? Who will own those machines and who will control the powerful and political forces they will represent?" Dr Albus' hero is Thomas Jefferson whose great desire was to see ownership of the means of production spread widely among the electorate, whether individually, or co-operatively (family farms/businesses). In the eighteenth century slaves were a capital factor of production (as in ancient Greece) – Albus sees automatons as our new slaves, maintaining that we must establish political and legal institutions to make a more equitable spread of income a reality.

Heather Smith

Convener, Economics Standing Committee

This item is taken from *The Guardian Political Review of the New Zealand Democratic Party Inc.*

Teaching students of political science post-autistic economics (Extract)

Poul Thøis Madsen

Teaching economics to students who are not intending to be economists poses pedagogical questions that are central to the PAE (Post-Autistic Economics) movement. ... In standard textbooks - intended or not - the students are drawn into an autistic world for the sake of being there and not much else. Somehow, teachers and authors of textbooks seem to believe that students who stay within this universe long enough will gradually learn how to analyse actual economic problems and the related debates (which is the basic intention of our teaching). Neither standard textbooks nor standard teaching really address the acute and difficult problem of linking the models presented to reality (defined as the actual economic development, the actually applied economic policies and the real life debates on economic issues). In essence, the occasional real life examples in textbooks serve as mere illustrations of the often very abstract arguments presented, thus, serving as some kind of entertainment without becoming an integrated part of the argument. The partly implicit and partly explicit working assumption in text books is that the more formal models presented to the students, the more they will - somehow - be able to understand of the working of the real economy. This is doubtful - to say the least - for many reasons. One important reason is that the assumptions in many models do not survive the meeting with 'reality' as defined above.

Poul Thøis Madsen teaches economics at Aalborg University, Denmark.

Neither standard textbooks nor standard teaching really address the acute and difficult problem of linking the models presented to reality

book reviews

Strangely Like War: The Global Assault on Forests
Derrick Jensen and George Draffan
 Green Books £9.95
 ISBN: 190 399 8387

Hmmm. This is a profoundly depressing book, not merely because its 192 pages contribute infinitesimally to the crisis they are cataloguing. The scarcely-concealed anger of the authors verges at times on rant but the reader is left reflecting that they are entitled to their hyper-ventilating.

The statistics spew out like sawdust at a pulp mill: three-quarters of the world's original forest has already gone; what remains is being devoured at the rate of two and a half acres every second; only eight per cent of what remains is under any kind of protection. Around 50,000 species are allegedly wiped out every year, sacrificed principally to the industrialised nations' craving for paper, garden furniture and toilet tissue.

The obvious villain is what Jensen and Draffan term the 'timber-political complex': greedy business, compliant administrations, mercenary lawyers. With globalisation this translates into Northern elites putting pressure on Southern elites to open up their natural resources. Logging equipment can be torched (by the Togeans of Indonesia, for example) but opponents too often find they are fighting shadows: the 'rights' of the shareholders in distant corporations remain ranked by Western culture above the rights of the human and non-human forest residents. Beyond the casual destruction of native homelands in Africa, Asia and South America, the depredation is almost operatic: poisoned tadpoles, drugged elephants, fatal fungus spread by chainsaws, compromised

politicians. When environmentalists took Tom Foley, the Speaker of the US House of Representatives, on a flight to view the damage wreaked by timber companies, he allegedly fell asleep. Bill Clinton emerges as another alleged tool of the lumber lobby: he exempted from environmental law any wood extraction deemed necessary (by whom?) for a forest's health.

Jensen and Draffan do not pull their punches. They accuse an ex-governor of California of being in the pocket of various named logging combines which have "routinely stolen public timber from national and state land"; overseas, similar businesses allegedly murder and intimidate political opponents. It's as well, possibly, that the small guerrilla army which stands (often literally) in the path of the tree-mincing machines apparently include public-spirited attorneys.

One of the interesting, and less chilling, facts to emerge is that fires (often the excuse for 'protective' felling) are not necessarily bad for forests and their eco-systems: the three-toed woodpecker, for example, is coloured to blend in with a charred trunk. The authors clearly think a little wider-scale purging would be no bad thing either: "We are praying, every moment of every day, for civilisation to end," they note bleakly on page 149.

Erlend Clouston is a freelance journalist who worked for The Guardian from 1979 to 1997

Around 50,000 species are allegedly wiped out every year, sacrificed principally to the industrialised nations' craving for paper, garden furniture and toilet tissue.

www.dougllassocialcredit.com

**The Economics of Innocent Fraud –
Truth for Our Time**

John Kenneth Galbraith

Allen Lane 2004

Galbraith celebrated his 96th birthday on October 15th. But the great man is in indomitable form. In this, his latest book, Galbraith attacks politicians and the media for colluding “in the myths of a benign market that big business always knows best, that minimal intervention stimulates the economy, that obscene pay gaps and unrestrained self-enrichment are an inevitable by-product of the system”. The fallout from the Enron crisis proved a dramatic illustration of his thesis that there is nothing that unfettered chief executives will not do to feather their own nests.

Galbraith draws attention to the cover of his book: an executive briefcase scattering bombs!”

The Editor

Fast Food Nation: What the All-American Meal is Doing to the World

Eric Schlosser

Penguin Books, 2002, pp386 £7.99
ISBN 0-141-00687-0

Schlosser combines the best of investigative journalism with the analysis of a first rate essayist. In the following extracts from *Fast Food Nation* the author introduces his book:

“Pull open the glass door, feel the rush of cool air, walk in, get on line, study the backlit color photographs above the counter, place your order, hand over a few dollars, watch teenagers in uniforms pushing various buttons, and moments later take hold of a plastic tray full of food wrapped in colored paper and cardboard. The whole experience of buying fast food has become so routine, so thoroughly unexceptional and mundane, that it is now taken for granted, like brushing your teeth or stopping for a red light.

“This book is about fast food, the values it embodies and the world it has made. Fast food has proven to be a revolutionary force in American life; I am interested in it both as a commodity and as a metaphor. What people eat (or don’t eat) has always been determined by a complex interplay of social, economic and technological forces. The early Roman Republic was fed by its citizen-farmers; the Roman Empire, by its slaves. A nation’s diet can be more revealing than its art or literature. On any given day in the United States about one quarter of the adult population visits a fast food restaurant. During a relatively brief period of time, the fast food industry has helped to transform not only the American diet, but also our landscape, economy, workforce, and popular culture. Fast food and its consequences have become inescapable, regardless of whether you eat it twice a day, try to avoid it, or have never taken a single bite. ... The impact of McDonalds on the way we live today is hard to overstate. The Golden Arches are now more widely recognised than the Christian cross.”

Described by reviewers as “by turns funny and terrifying”, this is a book provides the basis for serious study of the social, economic, political and cultural aspects of a society where “a person can now go from the cradle to the grave without spending a nickel at an independently owned business.” Schlosser provides a systematic analysis of the catastrophic consequences which follow when impersonal corporations determine the relationships between the workers who produce goods and services and the consumers who depend upon them by turning the former into disposable units of labour. As a student I was advised never to read a book, since reviews could generally provide the substance of the book. *Fast Food Nation* deserves to be read and discussed in its entirety.

Frances Hutchinson

We ask you to renew your subscription for 2005 if you have not already done so. To those who have...many thanks!

The Dinner Lady: Change the way your children eat for life

Jeanette Orrey

Bantam Press, 2005, pp288, £16.99
ISBN 0-593-05429-6

Throughout the UK in 1996, in schools, hospitals and government offices, the ability of employees to supply service to their consumers was hit by Compulsory Competitive Tendering (CTC). Together with other rules, regulations and guidelines imposed from above, CTC forced institutions to place cleaning, catering and other services out for competitive tendering. No longer employed directly by the institution, workers found their pay and conditions reduced. As service providers sought to produce ‘value for money’, individual workers lost their autonomy. In this efficiently marketed book, the author tells the story of the effects of CTC on the school meals service, and her personal battle to reverse the disastrous social, psychological and health problems resulting from the introduction of fast food eating habits in schools and homes.

Supported by the Soil Association and endorsed by Jamie Oliver, the book contains over 100 recipes for four adults or 96 children, using the best possible ingredients to produce tasty and attractive food which children will eat. An educational resource for parents and teachers alike, this approach to good food offers workable ethical and financial alternatives to the assemble line factory production of the fast food industry. The fact that *The Dinner Lady* has been attacked on the most spurious grounds is evidence of its effectiveness as a publication.

Frances Hutchinson

The Object of Industry

C.H. Douglas

We are often told that it is obviously absurd to say that the financial system does not distribute sufficient purchasing power to buy the goods that are for sale. We [i.e. social crediters] never said it! What we do say is that, under the present monetary system, in order to have sufficient purchasing power to buy the goods that are for sale, it is necessary to make a disproportionate amount of capital goods and goods for export. In this country, and in every modern country, in order to make the present monetary system work at all, you have got to make a whole lot of things that are not immediately bought in order to distribute what is already available.

Although you may not require lathes and may have enough bread, the employees of the lathe-maker cannot get bread unless they make lathes; and so they make lathes to make shells to make war to get bread which is already available. Under Social Credit the emphasis on what is produced would be different. Only what was wanted would be produced.

(Speech at Westminster, 1936)

Books by C H Douglas

(available in the Social Credit Library)

Economic Democracy

Social Credit

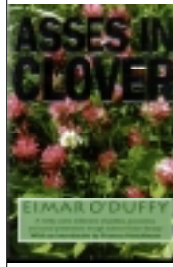
The Monopoly of Credit

Warning Democracy

Credit Power and Democracy

The Control and Distribution of Production

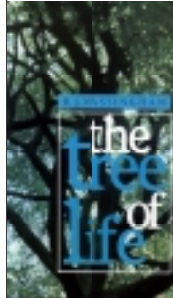
Recommended Reading



Eimar O'Duffy

Asses in Clover

(Jon Carpenter £11.00)



H J Massingham

The Tree of Life

(Jon Carpenter £13.99)

Frances Hutchinson

Social Credit? Some

Questions Answered

(KRP £5.00)

Frances Hutchinson, Mary

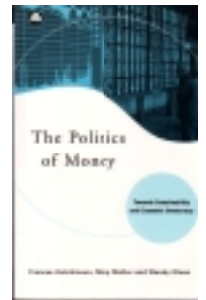
Mellor & Wendy Olsen

The Politics of Money: Towards

Sustainability & Economic

Democracy

(Pluto £16.99)



Frances Hutchinson

What Everybody really wants to know about Money

(Jon Carpenter £12.00)

Alan D Armstrong

To Restrain the Red Horse

(Towerhouse £7.00)



Frances Hutchinson & Brian Burkitt

The Political Economy of Social Credit And Guild Socialism

(Routledge £25.00)



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(It would be very helpful if material were submitted either by e-mail or on disk if at all possible).

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