



# THE ARROGANCE OF MAN

*Four essays by A. J. Carter*

## 3. ECONOMIC INSTITUTIONS

**"There is a conflict between the attitudes of the individual as an individual and the attitudes of the same individual as agent for an institution".**

**T**HE individual is anterior to the social, economic, and political network into which he is born, for if there were no individuals there would be no network. Individuals frame the network and are then moulded by it. When human beings join together in an enterprise, their collective energy is more efficacious than the sum of their energies as separate individuals. The formation of collective institutions is therefore conducive, and indeed indispensable, to the advance of human societies.

Collective institutions are classifiable into two categories: There are those which serve individuals and on which authority is bestowed; and there are those which entrap individuals, from whom authority is exacted. The moment at which an institution passes from one category to the other may not be apparent, but the difference is fundamental. It is the difference between governments with limited powers and omnipotent nation states; between firms which compete for markets and corporations which manipulate them; between the cooperation of politicians who think alike and the political parties which constrain them to think alike.

Collective institutions are endowed with a logic of their own which influences the conduct of the in-

dividuals who subscribe to them. Humane employers may have to dismiss workers because their duty is to maximize the profits of their companies. Conscientious trade union leaders are obliged to seek gains for their members though they regret the social dislocation this may entail. Politicians must advocate what will commend their party in the next general election whether it is best for the country or not. There is a conflict between the attitudes of the individual as an individual and the attitudes of the same individual as agent for an institution, which can be resolved only if the institutions are reshaped. There could be no clearer demonstration of this conflict than the number of trade unionists who acknowledge trade union power to be excessive.

It is said that when Jerusalem was partitioned, Arab and Israeli merchants went on dealing with one another, yet there is implacable hostility between the Arab countries and Israel. In Ireland, many Catholics and Protestants have friends and relatives of the other faith, yet there is constant violence because those who instigate it are able to invoke centuries of intercommunal suspicion and antagonism. In wartime individuals of one nation are compelled to kill individuals of another with whom they have

no quarrel. It would be a remarkable world where there was never a punch-up, but collective passions are often intrinsically virulent. A kind of mania infects the collective, and the individual is submerged in the mass.

The man who finds an extra pound in his pocket reflects only that he would be a fool not to keep it. Moderate trade unions do not shrink from industrial action, nor the more militant from inflicting arbitrary disruption. Protesters, stirred by ideology or self-interest, block roads and squat in buildings. Vandals and hooligans commit desecration and assault. Patriots, bigots, and criminals will kidnap, hijack, shoot, and bomb without scruple. These are examples of abnormal self-assertion which, like the opposite desire to "drop out", is a predictable reaction when the individual is experiencing dehumanization and helplessness in the face of remote technology, urban upheaval, and impersonal collective institutions. The ordinary man is bewildered, alienated, apathetic, frustrated, and rebellious. Because of the complexity of the problems and the rigidity of the political and institutional structure, "they" are making the choices for "us", and we are aggrieved and lashing out. If individuals are again to rule society's collective institutions it is vital that some of those institutions be drastically reformed, among them the business corporation, the trade union, the government, and the political party.

In a free economy, producers of goods and services compete with one another to improve quality, reduce prices, and enlarge their share of the market. There is a continual influx of new businesses, the more competent of which prosper and the less competent of which go into liquidation. Some of these businesses combine to secure economies in production, but in a bracing competitive climate the need for solvency imposes its own discipline on consolidation.

The modern economy diverges from this norm. Much of industry and commerce comprises public and private corporations some of which are so big that their investments stretch across continents and their turnovers exceed those of governments. They are marked by prolific advertising to stimulate sales, by the innate obsolescence of their products, by bureaucracy and bad internal communication, and by professional management which is divorced both from the workers and from the shareholders or the public. The chief goal of the business corporation is not the supply of goods and services to make a profit but the aggrandizement of the corporation itself, to which the supply of goods and services is the means. Big business corporations are repositories of power which can lobby governments for protection and collaborate to dictate prices or carve up the market, as did the seven international oil companies between the wars.

If business is to be accountable to consumers and not to itself, freedom of production and trade must be restored: by the abolition of restrictions on im-

ports and exports; by the elimination of monopolies and the prohibition of mergers that would obstruct competition; by the withdrawal of government subventions to industry and agriculture; by selective denationalization and the break up of giant companies into smaller groupings; and by the abatement of taxation to revive the incentive to innovation and endeavour.

The maldistribution of wealth stemming from unequal rights to land, and the migration to the towns of peasants dispossessed by Acts of enclosure, ordained that during the industrialization of the British economy capital was owned by a few while those looking for work were many. This disparity gave rise to the employing capitalist and the hired worker, an inverted relationship. There is no natural law that capital should be the employer of labour. On the contrary, it is capital that aids labour and should be employed by it. The ideal economic unit is a co-operative in which the workers, the managers, and the investors are the same people.

The labourers who had left the land had no option but to go into the mines and factories, and they begot an urban proletariat who had known nothing else. These workers banded together to better their situation, and the trade union movement was brought forth, its strength accruing from its numbers. Nowadays a trade union represents all the workers in an occupation and negotiates on their behalf. Most insist that no worker be signed on by an employer unless he is a member of the union and, conversely, that every worker must join the union if he is to have work. In the name of solidarity, working people are robbed of their liberty to join or not join a union; wage rates are frequently fixed uniformly with no regard for variations in the grades of work done, skills required or other special circumstances, and workers are paid the same wage irrespective of individual aptitude. In all these respects the national trade union is an outstanding illustration of the elevation of the mass over the individual. In pursuing the interests of its members, it injures the social and economic polity of which its members are part.

If wages were determined by bargaining within a company or plant, employers could not recoup wage increases in higher prices. The more profitable firms could afford to pay more (so attracting labour from the less profitable), and in regions where unemployment was above average there would be scope initially to pay less (so attracting firms to set up there). Plant bargaining is linked with consultation between management and workers and the participation of employees in decision making. These three facets of partnership could lead to the recognition and reward of individual merit, a renewal of pride in the job, and a reorganization of work for the emancipation of those engaged in it. The assembly line may have to be replaced, for machines should be subordinate to human beings not human beings to machines.