

Capitalism need not conflict with conscience

Sandra Sinclair

THE QUAKERS: MONEY AND MORALS

by James Walvin
John Murray, £14.99

MARX'S theory of class conflict rested heavily on the notion that capitalists derived benefit from exploiting their workers - and that one of the weapons in their armoury was the control they exercised over public debate, through their control over the mode of production. Marx should have paused to check these ideas by evaluating the independent mindedness of the Quakers. For Marx, religion was the opium of the masses. Maybe there is an element of truth in what he was getting at, but he was supposed to be constructing philosophy on a scientific basis. His theses, therefore, have to be judged in terms of scientific standards.

The Quakers came to play a huge role in 19th century capitalism. They built financial and industrial empires, giving them extraordinary power which, according to the gospel of St. Marx, they should have used to exploit their workers. They did seek profits; but they also built villages with homes of the highest standards for their employees around the factories such as those owned by the Cadbury and Rowntree families (*one of them is pictured below*).

Their commitment to the highest standards of honesty did not prejudice their ability to

trade in the capitalist economy. The care with which they kept the profit and loss accounts did not diminish their recognition of social responsibility. Service to customers was acknowledged as a necessary part of a viable community. They were not entrepreneurs because of warped egos; nor acquisitive because of a fatal ostentatiousness. By and large, they were concerned to add value to the wealth of the nation from which everyone would gain; and they expected a fair deal in return.

James Walvin's history of the Quaker's pursuit of money explains how the sect operated to ensure that erring individuals were either put back on the straight and narrow path or were expelled.

Capitalism did not compromise the Quaker spirit. The state was continually challenged to justify its laws. In all the major social reform movements of the last 200 years, Quakers were at the forefront of campaigns to assert people's rights. They worked to produce a humane society. Institutionalised religion was provoked into questioning whether it conformed to the gospels. A class-ridden society was taunted by the classless attitudes of the men and women who quietly went about their business. If Marx had studied the history of the Quakers he would have come to appreciate that religion can play a leading role in arousing a social conscience which can lead to an active engagement in public affairs in a manner that can improve the fabric of society. Violent revolution driven by class antagonism is not the only way to break a corrupt mould.

Walvin's treatment is not a full survey of the reformist campaigns - on prisons, slavery, education. It does remind us that, as individuals, we do have free will, but we also need the support of appropriate social institutions within which to work for freedom. The history of the Quakers affords some important lessons on how to detach ourselves from the overbearing forces that do riddle society at any given time, in order to nourish the commitment to enlightened change.



The silencing of the lambs

Paolo Bellarossi

THE UNCONSCIOUS CIVILISATION

by John Ralston Saul
Penguin, £7.99

THIS BOOK is in the category of "If you read one book only this year, this should be it". The Canadian author has stirred literary circles with *The Unconscious Civilisation*, but the book ought to be compulsory reading for the economics fraternity.

Saul's thesis is that citizens have been rendered mute by the corporate interests which have sliced up what we like to call the democratic process, and they have even managed to deprive citizens of the capacity to think. His account is beautifully reasoned, packed with useful facts and blunt in attributing responsibility for the parlous state in which we find ourselves.

Saul develops the thesis to be found in authors like J.K. Galbraith, that private enterprise is now run by risk-averse managerial bureaucracies. But he goes much further, analysing the way in which citizens have been victimised by being deprived of the capacity to critically examine the way that they have been swindled of their rights.

The weakness in his analysis is in the link between history and the present. He notes that Adam Smith referred to the idle consumers of his time - "the aristocracy, the courtiers, the professionals, the land and property owners (who live off rent income), the bankers and so on". But from there he leaps to modern managements who administer trans-national corporations, and somehow equates the rental income of the erstwhile landed aristocracy with the fat salaries and golden parachutes of the chief executive officers of today. There is, of course, a huge difference between these two classes of people and that difference would provide Saul with important new perspectives.

Nevertheless, Saul does provide some valuable economic insights on which economists need to build. For example, he notes that corporate managements - especially in banks and pension funds - are attracted to property speculation and rental income. "This is the kind of administrative, non-capitalist, non-capital good venture the managerial class loves." There is little risk attached to deals involving property, or so it seems until the

property market crashes, by which time the manager "may have been promoted or entered retirement. He has lived the illusion of value, with everything calculated and on paper". No risk-taking capitalism at stake here! Notes Saul:

"Today's managers are not even landlords. However, investment in property is one of their solutions to a profound desire for idleness. The result in our economies over the past few decades has been an unprecedented concentration on the construction of office buildings to house the growing managerial class...property, privatisation, mergers and acquisitions - these are only three of the manager's non-capitalist diversions".

We begin to see how rental income is converted into "interest" received by banks and pension funds, and how corporate managements recklessly foster speculation without carrying the financial risks. And if their track records eventually catch up with them - they can always parachute out with a fat cheque in their pockets.

Economics as a discipline is ridiculed by Saul. "If economists were doctors, they would today be mired in malpractice suits." Fortunately for them, however, citizens "seen to be devoid of useful memory, but when we do remember accurately it has little or no impact on our actions. It is as if, when we come to public action, our greatest desire is to generalise and institutionalise a syndrome resembling Alzheimer's Disease".

Saul's vitriol is directed at the professors at the Chicago School of Economics. They invoke Adam Smith's free market but promote the corporate economics that most closely resemble mercantilism "in their support of the trans-nationals, the modern version of the old royal monopolies. At first glance such enormous self-contradictions appear unbelievable. But that is only if you accept their claim to be free-market theorists. Their positions make much more sense when you realise that they are the corporatist theorists of a managerial society".

RUSSIA

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the point of being sustainable. "This pyramid continues to grow towards the collapse of the financial system which should occur in the autumn." His prediction was to come true within three months. The IMF's battery of monetarist experts, on the other hand, were caught by surprise. Even as the economy was heading for the implosion the IMF signed a Memorandum with the Yeltsin government calling for more privatisation by Presidential decree and emphasising the need for "total private property and development of land". The economy collapsed one month later.

The inquest has begun. It cannot exclude an examination of how imported monetarist policies cheated Russian citizens of their birthright and established the financial framework which nourished a criminalised economy.

Ask what taxes can do to you...

Peter Gibb

TAX SHIFT: HOW TO HELP THE ECONOMY, IMPROVE THE ENVIRONMENT, AND GET THE TAX MAN OFF OUR BACKS

by Alan Thein Durning & Yoram Bauman
Northwest Environment Watch, \$9.99

WHAT CAN taxes do for you? asks this book of its reader. But the book quickly reveals itself as being more about answers, and not questions; and it gives us them - the answers - clearly, comprehensively and convincingly.

This small book is number seven in a series of reports published by Northwest Environment Watch (NEW) - an independent, not-for-profit research centre based in Seattle. Its "mission", it states, is to "foster a sustainable economy and way of life throughout the Pacific Northwest".

The Pacific NW is defined as "the watersheds of rivers that flow into the Pacific Ocean through North America's temperate rain forest zone", extending "from northern California to southern Alaska - along a coastline once cloaked in nearly continuous rainforest - and inland as far as the continental divide."

The philosophical and territorial subjects of the book makes it simultaneously of direct relevance to those with an interest in the region, and provides fresh focus for those others of us working elsewhere. The book will interest all those who are making connections between the new paradigm of green taxation and the "traditional" discourse of land value taxation. The goal of NEW's day to day work has been realised in this text - "up-to-date facts and hard-learned lessons [in] engaging, no-nonsense books". Tax Shift is an easily-read, almost tabloid style book. It is a "cross-over" book - connecting all the right agenda points between the land taxers and the green lobby, addressing issues like pollution and traffic congestion.

Four sections address major themes. The first identifies the shortfalls of the existing taxation system in the Pacific Northwest (the same, of course, with variations, as elsewhere), with regard to social and environmental loss and injury. The next section then goes on to explain how that situation has arisen. The third and main part describes "what we could have" - in turn going through carbon taxes, pollution taxes, traffic taxes,

sprawl taxes and resource consumption taxes - with, on the way, a convincing advocacy of land value taxation. The book closes with "how to get it".

The book is illustrated in a casual fashion, which lends it an air of accessibility. But don't be fooled by the style, this volume has substance. It has been solidly researched, and is backed up with fairly detailed statistics, much of which have usefully been grouped at the back of the book. An appendix details a tax shift scenario in tabulated forecasts of revenues: and the book is as comprehensively referenced and noted as any researcher might require.

The book opens thus - "Ever since the Boston Tea Party - which was, after all, about taxes, not tea - tax revolts have shaped policies on this continent". But the authors immediately realise the potential problems of presentation of their subject, and the book quickly tries to calm its audience - "Dear reader, Merely reading the words tax and policy in the same sentence can cause a person's eyes to glaze. We've tried to keep things interesting, but if your eyes do glaze, just remember what's at stake: the environment, the economy, and - if you're part of an average northwestern household - almost \$20,000 in all forms of taxes each year". Much about the approach of the book can be understood in these words.

Tax Shift contains many (to this reviewer) startling facts. For instance, through the taxation and benefits system, the US Government gives more housing assistance to wealthy families bringing in six figure incomes, than it does to the poor. Or that, in British Columbia, plantation forests ("timberland") attracts lighter taxation than the natural, oldgrowth, forests: the main physical outcome of which, in the absence of responsible protection regulation, is the abuse of fragile land and the destroying of age-old and irreplaceable ecosystems. No wonder BC is finding it hard improving its international reputation in forestry, and lessen the force of boycotts on its timber products!

An important point that is stressed concerns the idea of reform by evolution and by piecemeal development. "The largest environmental tax shift in the world to date, in Denmark, changed the source of only 1.5% of revenue. The important point is that taxing bads at rates that reflect environmental costs would largely fund local, provincial, and state governments. As a practical matter, however, tax reforms come in pieces, not wholes."

Tax Shift is an optimistic book, but it charges each of us with our due responsibilities. "The biggest obstacle to tax shifting is not likely to be its active opponents but its inactive ones: habit. Accustomed to taxes as they are, most citizens are not shopping for fundamental reform."

* *Tax Shift* can be purchased from the Robert Shalkenbach Foundation, 149 Madison Avenue, Suite 601, New York, NY 10016-6713, USA.