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Editorial

"What I propose is a reconsideration of the human condition from the vantage point of our newest experiences and our most recent fears. This, obviously, is a matter of thought, and thoughtlessness seems to me among the outstanding characteristics of our time. What I propose, therefore, is very simple: it is nothing more than to think what we are doing." Hannah Arendt (1969).

Thoughtlessness has been the outstanding characteristic of the 20th century. Since the 1930s, when Douglas gave his BBC *The Causes of War* speech, (copy enclosed with this issue of TSC) the century descended further into barbarism, as mindless economic growth lead to wars, environmental degradation, poverty and an increasing gap between rich and poor.

Much confusion has reigned as to the purpose and accuracy of Douglas' teachings. Misunderstandings can arise from the inquirer's reasons for approaching the writings. If the reader seeks a ready-made blueprint for the good society, they are disappointed. At the very least, ideas for change must be set within the reader's own understanding of the wider context of the economy-as-a-whole.Otherwise mainstream economists can rightly criticise reform proposals which would radically alter relationships in the economy-as-we-know-it with unpredictable effects.However distressing the symptoms of malaise may appear, there are no short cuts or simple solutions to a very complex set of circumstances.

Whether we like it or not, the global economy is here to stay. Human life on the planet can no longer exist without it. Whatever schemes may be introduced for green local production, alternative banking, fair trade and so on, all must take as read that a host of interwoven institutions from local to global level are producing the food, fuel, clothing, shelter and transport necessary for life. Essentials are supplied using technology, banking, education, medicine, agriculture and science facilities through which people work together and form a network of links across the world. Douglas' prime consideration was an understanding of how the economy as a whole operated through its interconnections over space and time. Only with such understanding could individuals co-operate for change.

The first step to understanding the economy is to explore the history of how it has evolved. Greg MacLeod presents a history of the evolution of working relationships, while Owen Barfield suggests that the works of both Douglas and Steiner merit close study in conjunction with each other. In this issue we also include an article on the Japanese economy which would have fascinated Douglas. He addressed the World Engineering Congress in 1929 in Tokyo on the subject of "The Application of

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Inside this issue

The Political Economy of Social Credit and Guild Socialism
Frances Hutchinson and Brian Burkitt
Jon Carpenter £12.99

A new paperback edition of this essential text is due to be published in October. Thoroughly researched, the work provides original material of relevance to the field of political economy. This early approach to non equilibrium economics reveals the extent of the incompatibility between capitalist growth economics and social and environmental sustainability.

"The contribution of Douglas-Orage to the incorporation of the non-market sectors of the economy – health, education, social security, the environment – is crucial. The power-grab of the banking system that Douglas and his associates identified almost a century ago, have come into a lethal flowering. In the long-overdue reassessment for what passes as economic science, their ideas will require careful attention. The Hutchinson Burkitt book is mandatory for preparing ourselves for the task". (William Krehm)

The lunatic you work for

If the corporation were a person, would that person be a psychopath?

TO THE anti-globalisers, the corporation is a devilish instrument of environmental destruction, class oppression and imperial conquest. But is it also pathologically insane? That is the provocative conclusion of an award-winning documentary film, called "The Corporation", coming soon to a cinema near you. People on both sides of the globalisation debate should pay attention. Unlike much of the soggy thinking peddled by too many anti-globalisers, "The Corporation" is a surprisingly rational and coherent attack on capitalism's most important institution.

It begins with a potted history of the company's legal form in America, noting the key 19th-century legal innovation that led to treating companies as persons under law. By bestowing on them the rights and protections that people enjoy, this legal innovation gave the company the freedom to flourish. So if the corporation is a person, ask the film's three Canadian co-creators, Mark Achbar, Joel Bakan and Jennifer Abbott, what sort of person is it?

The answer, elicited over two-and-a-half hours of interviews with left-wing intellectuals, right-wing captains of industry, economists, psychologists and philosophers, is that the corporation is a psychopath. Like all psychopaths, the firm is singularly self-interested: its purpose is to create wealth for its shareholders. And, like all psychopaths, the firm is irresponsible, because it puts others at risk to satisfy its profit-maximising goal, harming employees and customers, and damaging the environment. The corporation manipulates everything. It is grandiose, always insisting that it is the best, or number one. It has no empathy, refuses to accept responsibility for its actions and feels no remorse. It relates to others only superficially, via make-believe versions of itself manufactured by public-relations consultants and marketing men. In short, if the metaphor of the firm as person is a valid one, then the corporation is clinically insane.

There is a tendency among anti-globalisers to demonise captains of industry. But according to "The Corporation", the problem with companies does not lie with the people who run them. Sir Mark Moody-Stuart, a former boss of Shell, comes across in the film as a sympathetic and human character. At one point, he and his wife greet protesters camped on the front lawn of their English cottage with offers of a cup of tea and apologies for the lack of soya milk for the vegans among them. The film gives Sam Gibara, boss of Goodyear, time to air his opinions, which are given a reasonably neutral edit. Ray Anderson, boss of Interface (which claims, with psychopathic grandiosity, to be the world's largest commercial carpetmaker) is given the hero treatment. Having experienced an "epiphany" about the destructive and unsustainable nature of modern capitalism, Mr Anderson has donned the preacher's cloth to spread the religion of environmental sustainability among his peers.

The main message of the film is that, through their psychopathic pursuit of profit, firms make good people do bad things. Lucy Hughes of Initiative Media, an advertising consultancy, is shown musing about the ethics of designing marketing strategies that exploit the tendency of children to nag parents to buy things, before comforting herself with the thought that she is merely performing her proper role in society. Mark Barry, a "competitive intelligence professional", disguises himself as a headhunter to extract information for his corporate clients from rivals, while telling the camera that he would never behave so deceitfully in his private life. Human values and morality survive the onslaught of corporate pathology only via a carefully cultivated schizophrenia: the tobacco boss goes home, hugs his kids and feels a little less bad about spreading cancer. Company executives and foot soldiers alike will identify instantly with this analysis, because it is accurate. But it is also incomplete.

The greater insanity

Although the moviemakers claim ownership of the company-as-psychopath idea, it predates them by a century, and rightfully belongs, in its full form, to Max Weber, the German sociologist. For Weber, the key form of social organisation defining the modern age was bureaucracy. Bureaucracies have flourished because their efficient and rational division and application of labour is powerful. But a cost attends this power. As cogs in a larger, purposeful machine, people become alienated from the traditional morals that guide human relationships as they pursue the goal of the collective organisation. There is, in Weber's famous phrase, a "parcelling-out of the soul".

For Weber, the greater potential tyranny lay not with the economic bureaucracies of capitalism, but the state bureaucracies of socialism. The psychopathic national socialism of Germany, communism of Stalinist Soviet rule and the rule of imperial Japan (whose oppressive bureaucratic machinery has survived well into the modern era) surely bear Weber out. Infinitely more powerful than firms and far less accountable for its actions, the modern state has the capacity to behave even in evolved western democracies as a more dangerous psychopath than any corporation can ever hope to become: witness the environmental destruction wreaked by Japan's construction ministry.

The makers of "The Corporation" counter that the state was not the subject of their film. Fair point. But they have done more than produce a thought-provoking account of the firm. Their film also invites its audience to weigh up the benefits of privatisation versus public ownership. It dwells on the familiar problem of the corporate corruption of politics and regulatory agencies that weakens public oversight of privately owned firms charged with delivering public goods. But that is only half the story. The film has nothing to say about the immense damage that can also flow from state ownership. Instead, there is a misty-eyed alignment of the state with the public interest. Run that one past the people of, say, North Korea.

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The Relation Between the Economics of C. H. Douglas and Those of Rudolf Steiner

Owen Barfield

Written for a readership already familiar with the works of Rudolph Steiner and Clifford Hugh Douglas, this article was first published in 1933. Douglas was then becoming a household name in the UK and worldwide, with invitations to speak to crowded audiences in the UK, Australia, New Zealand, Tokyo, Oslo, Canada and the USA. Having read, and quoted from, Steiner's *Threefold Commonwealth*, Douglas addressed a well-informed audience at the London headquarters of the Anthroposophical Society and gave several BBC Radio broadcasts. (The text of one, *The Causes of War*, is included with this edition of TSC.). Then, as now, anthroposophists have been aware of close similarities between the economics of Steiner and that of Douglas. Although Douglas was a major thinker, Steiner was in another league, covering the work of Goethe, general philosophy, spiritual science, medicine, bio-dynamic agriculture, education, art and art forms in addition to economics. Steiner responded to approaches from specialists: hence his *Economics Course* referred to in the text was prepared for experts in economics at the time. Although Steiner died in 1926, his works are still constantly being reprinted for a world-wide audience. Triodos Bank, for example, is founded on anthroposophical principles.

Owen Barfield does not claim to be an expert in the work of either thinker. . We reprint the article in full, asking our readers to comment critically on the accuracy of Barfield's interpretation of Douglas. We are grateful to Rachael Babar for bringing the existence of this article to our attention.

Steiner's Economics Course is built up on his conception of the nature of man himself, in whom there is an essential polarity between Nature on the one hand and Spirit on the others. In this it resembles his book, The Threefold Commonwealth. But whereas the book shows how this essential polarity is striving to work itself out in the whole structure of human society, the Economics Course deals more exclusively with the economic circuit, that is, with the production and exchange of commodities. It is concerned, in the main, with one third part, only, of the whole Threefold Commonwealth.

But the essential polarity, and the trinity which arises out of it, are (as in all true organisms) manifest no less in the part that in the whole of the social structure. And so in the very first lecture of the Course, Dr. Steiner puts forth the exceedingly fruitful conception of the "economic spectrum," drawing an analogy between nature and the infra-red rays at the one end of the economic process and between Spirit and the ultra-violet rays at the other. The purely economic process lies between the two and is the product of their interaction. In subsequent lectures Steiner described this process in greater detail, showing how human Spirit, operating on Nature, produces goods and commodities and at the same time gives rise to economic values, which are or ought to be destroyed or cancelled as the commodities themselves meet with consumption or decay and so vanish again into Nature. One of the principal methods by which Spirit thus transforms Nature and the method which is most characteristic of an industrial civilisation is the process known as the division of labour. With the division of labour, as its semi-spiritual counterpart, capital comes into being.

Capital may assume the form of real assets, such as machinery, buildings and the like; but it may also be exchanged into the form of money.[1] Money—materially speaking—is a commodity, but there is something which distinguishes it from all other commodities and that is, the universally accepted fiction that it does not wear out. The tokens of which it is composed wear out, but not (such is the accepted fiction) the face-value. That is deemed to be eternal. Now it is characteristic of a commodity that it can be collected and stored, but on the other hand (and this is equally characteristic) it will not continue for ever to be a commodity. Moth and worm will take care that in due course the commodity relapses into Nature. But an idea, a thing merely 'deemed,' though it is exempt from the ravages of physical decay, cannot be stored. For it does not exist in space and time at all. An idea is neither young nor old, neither here nor there; it is merely true or untrue.

... as soon as money begins to be stored...... as soon as it begins to take, by investment, the form o'capital,' (it) needs to be consciously controlled.

There is thus something self-contradictory in the very nature of money as it is conceived today. Nature and Spirit, inharmoniously combined, are perpetually striving asunder within it. Now as long as the money is passing freely from hand to hand and operating merely as a medium of exchange; as long as the money is being used as purchase-money—the evil effects of this self-contradiction are constantly being corrected. For on each purchase for consumption there is a destruction of economic values. But as soon as money begins to be stored, that is to say, as soon as it begins to take, by investment, the form of 'capital,' the self-contradiction begins to be effective and needs to be consciously controlled.

For out of this self-contradictory element in the nature of money there arises the all-important principle which Steiner has called the tendency of capital to preserve itself. If the rate at which economic values are being created is out of proportion to the rate at which they are being destroyed, great masses of unassimilated capital collect and work havoc in the economic system, by blocking the circulation and exchange of commodities. The result is industrial stagnation—a state of affairs which is, alas, too familiar to require description.

Now an idea such as this of the tendency of capital to preserve itself is fairly easily apprehended as a bare notion. To comprehend it, so that one has a clear idea of its application to the events of every day is a different matter. In the first place, the question arises: What is capital? For answer one cannot do better than turn to the work of Major Douglas. Take, for instance, the example which Douglas gave in his evidence before the recent Macmillan Committee on Finance and Industry, of the way in which capital charges under our present financial system are incorrectly accounted into the prices of commodities. It needs following rather carefully. A has 1,000 pounds and he decides to spend this 1,000 pounds on building a house. He hires 100 workmen to build the house for him and pays them 10 pounds each in wages for the work. (It may be assumed, without affecting the argument, that the whole of the 1,000 pounds goes in nothing but wages.) At the end of this period the situation is as follows.—A has a house and no money. The 100 workmen have 1,000 pounds. The workmen now decide to club together and buy back from A the house which they have built for him. A agrees to sell it for 1,000 pounds. Thus A is now out of the picture and the situation is (for, to simplify the illustration, it is assumed that the workmen had other means of subsistence while they were working at building the house) that the workmen have a house but no money. No money? No purchase-money. Suppose that the workmen form a limited company for the purpose of using the house as a factory. The factory produces goods and puts them on the market. Now what considerations will determine the minimum price which these factory-owners or shareholders, as they now are, will be able to accept for their goods? [2] (This minimum price will be what is today called the cost of production.)[3]

If the rate at which economic values are being created is out of proportion to the rate at which they are being destroyed, great masses of unassimilated capital collect and work havoc in the economic system, by blocking the circulation and exchange of commodities.

Douglas points out that the 100 factory-owners would not themselves say, either that they had obtained a factory by working for it, or that they had "spent" 1,000 pounds on a factory (and therefore had "no money" left). They would say that they had "invested" 1,000 pounds. There is a world of difference between the meanings of these two words. If I spend 1,000 pounds on having a good time, if, that is, I exchange my 1,000 pounds for consumable goods, I agree at the end that the 1,000 pounds is no longer mine. But if I "invest" 1,000 pounds on buying a factory or if I lend 1,000 pounds to the owner of a factory (which amounts to pretty much the same thing), I expect ten years later to be able to come to the factory and say, 'Give me my 1,000 pounds back in cash.' It makes no difference whether I do this by selling the factory or by calling in a loan. Supposing that the factory will wear out in ten years! Then it follows that in the prices which are charged for the goods which the factory makes during that ten years, there must be included, not merely the wages paid to the labourers in the factory and the cost of raw materials, but also the 1,000 pounds which must be saved to pay me out at the end of the ten years.

Here, to begin with, is a very good example of the way in which the tendency of capital to preserve itself affects the ordinary affairs of life. For it affects the prices at which the goods can be sold. Whether justifiably or unjustifiably is not at the moment in point. It is at least clear that if the investors of the 1,000 pounds had been willing to agree that, after the ten years which it took the factory to wear out, their 1,000 pounds capital should no longer exist, then it would not have been necessary to include a book entry of 1,000 pounds in their costs of production, that is, in the minimum price at which they could sell their goods.

Once you have made clear in your mind this fundamental distinction between spending and lending, between purchase for consumption and purchase for investment, you are a long step in the direction of understanding what Steiner has to say about money in his Economics Course. Money spent on consumable goods is money exchanged, but if I lend or invest 1,000 pounds, then, although the very case itself may be paid out by my borrower next week as wages and so pass on from hand to hand, yet there will remain in my possession a kind of shadow or simulacrum of the money. This is my financial capital. This is what Steiner calls 'Leihgeld,' loan-money, or, as I prefer to translate it, 'invested money.'

So much for the nature of capital and its tendency to preserve itself. When we go on to consider the effects of this tendency, whether with Rudolf Steiner or with Major Douglas, we are led to the question: What is meant by the word 'wages'? In the example of the house and the workmen given above it was said that wages were paid to the men 'for the work.' But in fact these money-payments called wages may be considered in three different ways. They may be considered either (1) as the price paid to the vendors of a (supposed) commodity called 'labour' or (2) as a distribution as producer to itself as consumer to enable it to consume its own product, or (3) as the price paid to producers for the commodities or commodity-values which they have created.

The first way is the ordinary way of conceiving wages today. In the industrial system, as it has so far developed, labour has come to be regarded as a commodity. The second way is the way in which wages are conceived in the writings of Major Douglas. The very nature of the conception marks the transition of economic theory from a period in which the nations of the world were naturally and more or less correctly conceived of as rival traders, to the present period in which the only real economic unit is the whole world.[4] The third way of conceiving wages is Rudolf Steiner's way.

To return to the effects produced on prices by the tendency of capital to preserve itself, let us consider these first of all in the light of the first conception of wages. What considerations will determine the minimum price which the shareholders, or factory-owners, will be able to accept for the goods which their factory turns out, so long as wages are conceived and calculated as if they were the price of a commodity called 'labour'?

Remember that, out of the original 1,000 pounds the workmen have now no money (that is to say, no purchase-money) left. They will therefore have to borrow the wherewithal to pay their labourers. This minimum price will therefore consist of at least three items:

(i) the cost of the labour (wages)
(ii) the cost of the raw material
(iii) 1,000 pounds capital to be saved.

This is the result of calculating costs on the basis that wages are the price paid for a commodity called labour. We notice at once that wages are only one out of three items by which the cost (and therefore the minimum selling price) of the goods manufactured is determined. But wages are also, in fact, the principal means by which purchasing power is distributed to would-be consumers. It follows that, unless either (a) the goods produced are sold at less than cost or (b) distribution of purchasing power is made concurrently from some other source or (c) 'wages' are calculated on an altogether different basis, then during the period in question an insufficient quantity of purchasing power will have been distributed to enable the community to purchase what it has produced.

This is in effect what Douglas has been saying for fifteen years to an audience, slowly at first but now very rapidly, increasing in numbers. The practice of accounting capital charges into the prices of commodities, taken in conjunction with the fact that wages are the principal means by which purchasing power is distributed to the members of a modern industrial community, these two things together result, he says, and must result in a state of affairs under which there is never enough money in circulation to buy more than a fraction of the goods which the community is equipped to produce.

Thus, one may say that the effect of the first of the three different ways of conceiving wages is—the situation in which we now find ourselves—universal poverty amid universal plenty. The effect of the second way of conceiving wages is, or may be, to enable one to understand this situation and to see where we have gone wrog.

But as is well known, Douglas is not content with merely pointing out what is wrong. He has distinct and positive proposals for putting it right again. He proposes to counteract the preposterous effects of a faulty costing system by providing for both (a) the sale of commodities at less than cost price and (b) the distribution of purchasing power from another source. He still thinks of wages as forming part of the cost of an article (and therefore of its minimum price), but he will take care that the consumer has enough money in his pocket to meet the whole minimum price. And it is particularly interesting to observe how he will do this.

The history of banking is the progressive realisation of the pathetic effort of capital to achieve immunity from the law that all things which are capable of ownership are subject to depreciation, that is to 'preserve itself.' From gold, which can be stolen and clipped, to banknotes (whose face-value may be preserved to their owner by proper precautions even after the paper itself has been filched from him or burnt); and from notes to book credits, the changes have worked on imperceptibly until today the huge masses of capital which threaten to choke the world to impotence exists almost entirely in insubstantial and even negative forms. Today the central banks of the world are the owners of the great bulk of the world's capital. But this capital is not (save to a small extent) manifested in vaults full of gold or stacks of notes. In so far as it is invested, it takes the form of debts, owed by the rest of the community to the banking system; in so far as it is uninvested, it takes the form of the banks' monopoly of the right to credit currency and credit and to distribute these to the community as if they were loans for themselves.

If Douglas's proposals were adopted, this monopoly right to create financial credit would be taken from the banks and vested in the State as representing the community. And the credit, which the State was thus empowered to create would be used—for what?—to enable goods to be sold at less than cost. It would thus be used to cancel the third item which, we have seen, goes to determine the minimum price, that is, the capital charges. In other words his proposals would have the effect of breaking up the huge masses of capital which have been accumulating since the beginning of the industrial era. There would thus be a destruction of capital accompanied by a new creation of purchase-money.

Under our present system individual or private owners of financial capital, that is, of invested money, have the right to demand from the community in exchange for it an equivalent amount of existing purchase-money. The Douglas proposals would substitute for this (in the case of the huge masses of capital accompanied by a creation of purchasing power. This would be done by the political organisation of the State.

Rudolf Steiner also makes provision for the break-up of obstructive masses of capital. But the operation should, he says, be controlled by the 'economic associations' rather than by the State. With regard to the creation of purchasing-power, it is sometimes thought that Steiner suggested, as a cut-and-dried reform, the introduction of 'three kinds of money,' purchase-money, loan-money and gift-money. This is a misunderstanding. What he actually said was, that money does already take these three forms, according to the purpose for which it is used. Ordinary purchase-money, as soon as it is invested, is actually metamorphosed into quite a different kind of money—into Leihgeld (invested money). Only, said Steiner, our present way of looking at money and thinking of it, is such as to mask these metamorphoses. And he added that the mask must be removed.

Steiner was much more concerned to describe things that are actually happening than to propose any definite measures of reform. This he considered to be the business of others more immediately concerned with the economic life. More than once in the Economics Course after making a suggestion, he qualified it by adding that it was only given as an example of the sort of thing that might be done and that in any given circumstances some quite different measure might turn out to be the best. The task he set himself was to help men to know; once they knew, he had confidence that they would be able to act for themselves.

Thus one suggestion which he made for dealing with this problem of the permanence of capital investment was that money must be made to 'wear out' like other commodities. By some process of dating it, money must be so constituted that every day brings it nearer to its demise. But this growing old and consequent loss of value would only apply to money *qua* invested money. As purchase-money it would retain its full face-value, whatever its date. And money once invested would not be reconvertible into purchase-money. The oldest money of all, money that was nearing its date of expiry, would still be able to be used as gift-money and after this final metamorphosis could be renewed (or corresponding new money created) ty those 'economic associations' which are an essential feature of Steiner's sociology and which figure no less prominently in the Economics Course than in The Threefold Commonwealth.

Now, although there is no need to underrate the importance of this definite and practical suggestion, it would in my opinion be a misunderstanding of the Economic Course not to realise that the only thing that is of paramount importance is the principle involved; and the principle is, to find a means of counteracting the tendency of capital to preserve itself. The world has found out the way to build up financial capital; the problem is, to find a way of destroying it—without destroying the human and spiritual values which produced it and which, properly controlled, it will foster in its turn.

Douglas approaches the problem empirically, as an engineer who has turned his attention to sociology. It happens that in his everyday life he is brought up against the actual financial effects of the tendency of capital to preserve itself, and he sets himself to work out a solution. Steiner reaches down, so to speak, to the problem out of the firmament of his knowledge of the whole nature of man. He is less pre-occupied with the immediate effects of the tendency he describes, regarding it as his task rather to elucidate the tendency itself. He is like a doctor prescribing to the patient what is a healthy diet and a normal human way of living. Whereas Douglas is like a surgeon, ready to perform an operation for appendicitis.

This also comes out very clearly in the attitude of the two writers towards wages and costs of production. Douglas has detected and described the financial flaw in the world's costing system. The purchasing-power which is being distributed at any time, he points out, ought to be equal to the prices of consumable goods on the market at that time. Actually today it is not determined by these prices at all but by the fact that, as 'wages,' it forms part of the costs of things still in course of production. Thus there arises a gap between purchasing-power and prices. This gap Douglas would bridge in the way I have attempted to describe.

Steiner, on the other hand, starts by cutting the knot altogether. Labour is not a commodity and therefore wages are not 'costs' at all. He knows that to regard them as such must lead, on purely economic grounds, to disaster; for his knowledge is drawn from those depths in the soil of truth at which the roots of ethics and economics are still intertwined. A man must be paid—not the price of his labour as part of the cost of the thing he is still in course of making, but the price of the other things he has already made. He may not be able to make a complete commodity himself as in the days of the medieval craftsmen; nevertheless at the end of the week or other period he has made a notional part of a commodity, or it may be of many commodities, and that notional part is measurable financially as a value. This is what he should sell to the community, not the labour of his hands which is part of the man and therefore not for sale. Douglas says: pay him a sum equal to the price of the goods on the market, the price itself being determined (as at present by past costs. Steiner says: pay him the very price itself of the commodities he has produced, that price being determined by present values. For a value, once created, no longer has a cost. It only has a price.

It must however be clearly realised that this is only an attempt to contrast the different lines of thought by which the two writers have approached the problem. Thus, although Douglas sets out to bridge the gap between 'wage-costs' and prices by increasing purchasing-power, the difference would not be made up to the wage-earner actually in the form of increased wages. It would take the form partly of lowered prices of existing commodities and, partly, of a 'national dividend' to be distributed to all alike. He also conceives of wages as likely to form a progressively less important factor in the distribution of purchasing-power and it is significant that in the Scheme for Scotland published last year in the Glasgow Evening News provision is made for a decrease in the rate of wages.

It is easy to feel the ethical soundness of Steiner's doctrine. It is not so easy to perceive its economic inevitability or the way in which failure to regard it is at the root of the world's financial distress today. That has been made possible, for me at any rate, by the thinking of Major Douglas. The difference between the two ways of looking at costs and wages is to my mind not more striking than the resemblance. And it is in their treatment of this problem and of the problem of capital depreciation that the relation between the two writers is to be found and understood.

I must conclude with a reminder that the scope of this article is limited to that relation. It does not pretend to be an exposition of the two systems or economics; and indeed any such claim for an article of this length would be absurd.

From *ANTHROPOSOPHY, A Quarterly Review of Spiritual Science.* No. 3. MICHAELMAS 1933/ Vol. 8. London: Anthroposophical Publishing Company UK/NY.

[1] It follows that it is incorrect to say that capital is either of these things. Capital is the intangible something which may become either one of the other. A good example of it is a Trust Fund. The fund continues to exist as a single identifiable unit of capital, though the assets of which it is composed may be perpetually changed by sale and purchase.

[2] That is the minimum aggregate price of all the goods which the factory produces and sells. It is too commonly forgotten by those who are fond of invoking the law of supply and demand that there is such a thing as this minimum aggregate price. It is the lower limit beyond which the law of supply and demand is no longer true.

[3] Profit is omitted for the sake of simplicity. Or it may be regarded as part of the cost of production.

[4] It must not, however, be supposed that this contrast has any relation to the contrast between economic 'nationalism' and 'internationalism' so frequently drawn during the recent London Conference on Economics. President Roosevelt's conception of wages, for example, is much more in accordance with an economic theory for which the world is the real unit than the pious cant of the usurers who blame him for wrecking their plans at the Conference. But this must not be taken as implying the opinion that his own plan of borrowing to finance production can bring America any lasting benefit.

OWEN BARFIELD was one of the most original and stimulating thinkers of the twentieth century. A respected philosopher, jurist, and student of the nature of language and human consciousness, Owen Barfield's many books published by Wesleyan Press include *Saving the Appearances* (1988), *Poetic Diction* (1984), and *Worlds Apart* (1971). He was living in East Sussex at the time of his death in 1997 at the age of 99. Barfield was a writer who gained a discriminating and dedicated readership on both sides of the Atlantic, but especially in the United States.(Extract taken from the Introduction to *A Barfield Reader)*

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Engineering Methods to Finance" (full text available on request). It would seem that his work was taken to heart by the Japanese. Robert Locke demonstrates how, even within the context of growth capitalism, banking can be used deliberately to affect outcomes. Locke also shows how Western neo-liberalism has the capacity to portray itself as the only viable system.

Work as Key to the Social Question:

The Great Social and Economic Transformations and the Subjective Dimensions of Work

Greg MacLeod

In having moved from the industrial to the post-industrial and now to the knowledge economy controlled by huge global corporations, we have a new context in which to consider the situation of workers in the twenty-first century. The demographic and economic massification eventually causes a cultural massification exemplified by the uniformity of popular music and clothing styles around the globe. Even religion in the United States has found the advantages of massification with "formula religions" attracting mass audiences both on television and in huge auditoriums.

The context has been highlighted in recent years by widespread public protests. In the year 2001, the unease seemed to have reached a climax at the Summit of the Americas in Québec with thousands of people from all over America gathering in an enormous outcry against the abuses of free trade. A year before, a similar manifestation took place in Seattle. The May Day demonstrations in Europe of 2001 were a further sign of discontent, with half a million Germans taking to the streets in protest. In July of this same year we saw violence and death in Genoa during the meetings of the G8 countries. It is true that there were extremists involved in all of these events. However, when we have such widespread discontent, we know that there is a real basis in fact for a deep re-appraisal of our economic situation.

Each of these mega-corporations has a workforce in the hundreds of thousands scattered throughout the world. Because of their power and influence they set the tone for business in general. They set the rules of the game. With the fall of the communist bloc it is becoming clearer that there is only one economic game in the world. Those sections of the world that are not in the game suffer from unacceptable levels of poverty, diseases, and famine.

GAME THEORY

In sociology, the notion of "game theory" is sometimes used to describe patterns of group action. It is a simple idea. Just as players in football have well-established rules for playing the game, with penalties for those who break the rules, different domains of life can be considered to be games, such as the medical game, the legal game, or the business game. From a religious point of view, I have no problem with this as long as we accept a reality beyond the game. However, for many people in the world today, the totality of life is one huge game containing subsidiary games and it is completely materialistic. Everything is understood in economic terms and everything is market-driven. Any decisions based upon realities outside of this master game are considered to be irrational. Thus there is no room for the classical notion of transcendence. Without the notion of transcendence there can be no profound criticism. And of course, without a fundamental acceptance of transcendence, there can be no religion. There can be no higher court of reference. The infinite is beyond any rules and any game. Thus it is that the game of the global economy, with its increasing monopoly on scientific knowledge, is having such a profound impact on humanity. Aldous Huxley understood this very well when he called the religion in his fictional totalitarian state "Fordism" (Huxley, 1932). In a parallel way the term "paradigm" is used to illustrate how thinking can be limited, locked into one thought pattern with its own internal rules for legitimacy (Berman, 1984; Kuhn, 1970).

CORPORATIONS AS SOCIAL ACTORS

I wish to consider the corporation as having an impact on the life of the working person through two relationships. One is internal and one is external. Another way of seeing it is the worker as employee and the worker as consumer. Henry Ford, for example, understood that many workers had to be paid better wages so that they could buy his automobiles. In developed countries, governments encourage citizens to buy and consume more in order to stimulate the economy. Mega-corporations require high levels of consumption. Thus the phenomenon of mega-corporations is a key determinant of the everyday life of workers, whether as employees or as citizen-consumers.

INTERNAL IMPACT

Internal to the large modern corporation is a highly centralized control system based on information of a technical and scientific type. In the past, property and money were the main forms of economic wealth. Today, knowledge is classed as property. Intellectual property rights have become a major topic of law theory. The best example of the role of knowledge as property concerns the dispute with the pharmaceutical industry about AIDS medication for Africa. Even though African companies know the scientific formulas for the production of this medicine, they must pay the powerful corporations that own the knowledge. It is common for scientists and universities to seek patents when they make scientific discoveries. Then they sell the patents to large corporations. Intellectual property and patents have become an important source of income for universities, including Catholic universities. The classical approach to knowledge-discovery for the good of humanity is becoming rare. Knowledge is becoming a commodity to be sold on the free market. Corporate business structures based on technical knowledge tend to become bureaucratic systems or, in better terms, they become technocracies. All technology is based on repetition. Once a researcher discovers a scientific process it becomes technologized. That means the process is repeated in an exact manner. As technocracies develop, less and less creativity and decision-making is required of employees. The role of the employee is to adapt to a pre-determined system. Instead of thinking through problems, the employees must follow manuals and rulebooks (Ellul, 1964). The new techno-culture has had a profound effect upon out schools and universities. Students are trained to adapt to the needs of the economic system. Governments and industry are happy to provide support to educational systems as long as they are dedicated to "job readiness". Classical educational systems taught students to develop their own internal capacities — their particular potentials — rather than to simply adapt to the dictates of others. The classically educated understood the difference between being inner-driven and outer-driven. Adapting to systems of rules and procedures can be useful, but it does not encourage virtue. For Aristotelians such as Aquinas, virtue depends upon the free fulfilment of purposes. Virtue, by its nature, must be inner-driven and not outer-driven (MacIntyre, 1984).

In one sense, the new knowledge-based corporations appear to be much superior to the old industrial corporations. In the old corporations, the master was often an autocratic person or groups of bosses. In modern business, the master is less human. The boss is a system or a system of rules. Before the enemy was visible and could be vilified. Now it is very difficult to pin down responsibility in technocratic systems. No one person is responsible for what happens; it is, rather, the result of a complex interactive system of rules. A typical manager will say: "Don't blame me; it's the system."

Alasdair MacIntyre (1984) describes the culture of the modern employee as bureaucratic individualism. The relationship at work is not one of personal interactions between employees working for common purposes to achieve commonly agreed goals. Instead, there is little or no human-type relationship between employees. Each employee performs pre-assigned tasks spelled out by departmental manuals.

The classical approach to knowledge-discovery for the good of humanity is becoming rare. Knowledge is becoming a commodity to be sold on

As business corporations become more global and more technocratic, there is less possibility for individual persons to make value-based decisions. Rather, most decisions are the results of the interplay of impersonal mechanistic forces, such as interest rates, the stock market, fluctuations in the market, the price of oil, discovery of new technologies, etc.

Some will disagree with this overview, by emphasizing the growth of small businesses in the developed world. Japan and Italy have the largest proportion of small businesses in the first world. Yet, as Whittaker points out (1997), small businesses are becoming increasingly dependent upon big businesses. In Japan, 40 per cent of small businesses depend upon sub-contracting from large corporations. In this sense, as in many other ways, large business corporations set the pattern for first-world business. While most of what we have said concerns the developed world, it looks as if the new kind of global business will gradually have a major impact on all societies. The system makes it almost impossible for developing countries to catch up. In terms of game theory, the developed countries have major league teams while the developing countries have "little league" teams. The playing field is extremely uneven.

My conclusion to this section is that the employee is becoming more and more a passive part of a highly complex and sophisticated inter-locking corporate system guided by rigid technocratic rules. The result is that senior managers as well as mid-managers and general employees have little opportunity to exercise moral judgements concerning the output and results of their economic activity.

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They become simple, small cogs in a universal cybernetic machine. In the modern information society, it is common to hear enthusiasts speaking of forming new relationships in cyberspace (Currie, 2000). It is interesting to note the **Oxford English Dictionary** definition of cybernetics: "The science of systems of control and communications in animals and machines". Cybernetics is taken from the Greek word "Kubernetes", meaning steersman. The term is most appropriate to describe these new technocratic organizations based on computer technology, because they depend upon strict, unalterable central control of decisions as opposed to inner-directed moral decisions. There is always an anonymous, mechanistic steersman making the decisions. It is also interesting to note that the French call business corporations "sociétés anonymes" — anonymous societies.

We are accustomed to people in the third world being victims of geopolitical changes beyond their control. For instance, 50,000 Mayan peasants in the Yucatan of Mexico lost their jobs between 1960 and 1980 because henequen was replaced by synthetic fibres. And workers in the banana plantations of Honduras lost their jobs because the European community began to buy bananas from Africa. However, now we are seeing the same impact upon workers in the information economy. Nortel, the largest producer of telecommunications equipment in the world, laid off 30,000 workers this year. In Britain, Marconi announced 4000 job losses in one month, on top of previous job cuts. So, even in the new information economy, workers not only have little control over the corporation employing them, they have very little job security. It is bad enough to be a mere cog in a vast corporate machine but, on top of that, even very highly skilled workers are expendable cogs.

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(The full text of this article can be found at http://www.stthomas.edu/cathstudies/cst/mgmt/le/papers/macleod.htm)

Japan, Refutation of Neoliberalism

Robert Locke

No-one wants to talk about Japan these days. The conventional wisdom is that the bloom went off Japan's economic rose around 1990 and that the utter superiority of neoliberal capitalism was vindicated by the strong performance of the American economy during the 1990s. Furthermore, everyone is now convinced that China - whose economy is 1/8 the size of Japan's - is the rising economic power and therefore the appropriate object of attention.

But Japan is, despite everything, still one of the master keys to understanding the future of the world economy, because Japan is the clearest case study of why neoliberalism is false. Simply put, Japan has done almost everything wrong by neoliberal standards and yet is indisputably the second-richest nation in the world.

This doesn't mean that neoliberalism is wholly meritless as an economic theory or as a development strategy, but it does mean that its claim to be the only path to prosperity has been empirically falsified. Japan's economy is highly regulated, centrally-planned by the state, and often contemptuous of free markets. But it has thrived.

What follows is for space reasons necessarily a sketch and exceptions, subtleties, and refinements have been left out. Facts have been homogenized and caricatured to make structural fundamentals clear. But a reader who bears this in mind will not be misled, as detail analyses are available elsewhere.

Are We Lied to About Japan?
Contrary to popular opinion, Japan has been doing very well lately, despite the interests that wish to depict her as an economic mess.

The illusion of her failure is used by globalists and other neoliberals to discourage Westerners, particularly Americans, from even caring about Japan's economic policies, let alone learning from them. It has been encouraged by the Japanese government as a way to get foreigners to stop pressing for changes in its neo-mercantilist trade policies. It has been propagated by corporate interests who gain from free-trade extremism with respect to Japan. And it is promoted by ideologues committed to the delusion that only a laissez-faire economy can prosper.

This is a formidable set of potential liars, equipped with money, technical expertise, transnational reach and state power. The Japanese government is centralized, elitist, and quite capable of fudging statistics if it wants, particularly since there are few Westerners who understand Japanese accounting. National accounting is notoriously susceptible to creative accounting anyway, as the world learned at the time of the Asian Crisis of 1998. So the assumption that the standard published figures about Japan's economy are true is dubious at best.

Japanese culture puts a premium on maintaining "face" and other forms of polite public presentation that constitute literal falsehoods, or at least fictions, so it is a natural instinct for the Japanese to tell the West what it wants to hear about Japan's economy. Japan's government is heir to a Confucian tradition in which the public is told only what the rulers deem it should know. Journalists and academics, who in America or Europe would have challenged its version of the economy by now, are loyal collaborators of the system, not its critics. So from a Japanese point of view, there is nothing immoral, unusual, or terribly difficult about misrepresenting Japan's economic performance. In fact, because it is in the national interest, it would be unpatriotic not to.

A Crisis Invented to Fit a Theory
The idea that Japan is thriving is not so different from the received wisdom as one might think. The Western press has over the last few years been full of stories about Japan's deep gloom, but in point of fact, the admitted state of the Japanese economy - let alone its actual state - is simply not that bad and in any other country would be producing mild expressions of concern, not brazen crowing about a crisis sufficient to force change in the fundamentals of the system.

Even the Japanese government admits that Japan is not actually declining economically, but rather growing at about 1% a year (which has ticked up to 2% since these words were first written.) This is a better performance than many other nations in recent years. So even if one accepts the official statistics, Japan is not in anything like the death-spiral that laissez-faire mythology supposes. It is, at absolute worst, accepting all the public mythology, stuck in a gentle stagnation of slow growth. And that it may now be emerging from this simulated rut (partly because the truth was getting too hard to conceal between the cranes on the Tokyo skyline) only reinforces this argument.

And this stagnation, even if one believes in it, is (or was) at the top of a very high plateau of aggregate and per-capita GNP, so Japan is hardly suffering by any reasonable international standard. It is, even according to the official figures, the second-richest country in the world. It is doing far better than other economies which get better press because they conform more closely to the globalist model of what an economy ought to be. It is a vastly richer nation, for example, than Britain, which globalist magazines like The Economist like to depict as an economic leader because it genuflects, at least in theory, to the right neoliberal theories.

Furthermore, the Japanese system is deliberately designed to contain the usual forms of economic stress that produce shocks to the political system, like inflation and unemployment, so Japan's (quite mild, really) economic problems are miles away from having the political consequences needed to cause the radical revision of the system that see-what-they-want-to laissez-faire ideologues suppose. Is 5% unemployment, in the context of a family structure more intact than in any Western nation, a crisis? In what other nation would 5% be considered a crisis level?

Nevertheless, we are fed a neoliberal fantasy that Japan is in a state of economic crisis and that this crisis is forcing her to revise her economy to conform to the world-conquering American version of capitalism.

Penetrating the Illusion of a Failing Japan
It is not hard to see through the illusion of a failing Japan if one knows where to look. The key is to look at indicators not susceptible to manipulation by the Ministry of Finance in Tokyo. First among these are export statistics, which are hard to conceal as they show up as imports in the statistics of other nations. Some key facts, not denied by the mainstream media, that make clear that Japan's economy is thriving:

1. Japan's net exports for the decade of the 1990s, when she was supposedly in decline, were 240% of those in the decade of the 1980s, when everyone admits she was booming. How is this possible if her economy is falling apart? We are being asked to believe that in an export-centered economy, exports are booming and yet the economy as a whole is failing.

2. The standard of living in Japan rose significantly during the supposedly stagnant 1990's, so that the Japanese are now among the world's greatest buyers of high-end consumer goods of all kinds, a fact visible in the shopping districts and parking lots of every Japanese city.

3. Japan's foreign assets have continued to grow rapidly. IMF figures indicate they nearly quadrupled in the 11 years to 2000, an inevitable consequence of her relentless trade surpluses.

4. Although a declining Japanese economy would imply a declining yen, the reverse has been the case.

5. Japan is the world's largest exporter of capital, enabling her to play the leading role in shaping the development of other nations. Americans ideologues who crow about the "spread of capitalism" ignore the fact that in large areas of the world, including its fastest growing region, East Asia, it is Japanese-style capitalism that is spreading, largely through the subsidiaries and suppliers of Japanese corporations.

6. Japan's supposed problems with its government budget are in a category all their own when it comes to misunderstanding. First, Japanese government accounting is very different from European or American government accounting, and what have sometimes been reported as deficits are in fact surpluses. Second, although Japan's ratio of national debt to GNP is indeed somewhat large, it is not grossly out of line with other nations whose economies are not characterized as being in crisis, and given Japan's higher savings rate, she can finance this debt easily.

7. Western press reports about the supposed crisis in the Japanese banking system are based on the false assumption that Japan's banks are similar to banks in the US and Europe. Because of their complex

structural relationships to Japanese industry and to government, explained below, they are nothing of the kind. They have sources of stability to tide them over temporary difficulties that Western banks do not, and their rare failures cause far less disruption.

Japan's Economic System Only Makes Sense as a Whole

The Japanese economic system does not make sense when viewed in parts, as the significance of any one part of an economy is determined by its relations with the other parts. Westerners naturally assume, when looking at one part, that it exists in a context similar to the one it would inhabit in the American capitalist economy. But in Japan, it frequently does not.

For example, the Tokyo stock market, unlike the New York one, is an economically-minor sideshow to the real action, because most capital is allocated by banks, even when they use the stock exchange as a forum to execute this. Its failure to be a real capital market is made clear by the fact that the Ministry of Finance has on occasion forced the shares of individual companies to hover at arbitrary levels for various reasons.

The key to understanding the Japanese economic system is that it is not just a system of economics, but a system of political economy. This term - Adam Smith never used the word "economics" - is an older one and enjoys the key advantage of not covertly implying that the economic system is an autonomous sphere of human activity operating, at most, within a loose cage of politically-enforced property rights. This erroneous conception tends to further the laissez-faire delusion that state power is something alien that intrudes upon economic activity from without, and that the only important economic choice is between more and less state control.

A Non-Socialist Centrally Planned Economy

Japan is something that is virtually impossible by definition within the frame of reference of neoliberal economics: a non-socialist state-directed system. To over-simplify a bit, it is a centrally-planned capitalist economy.

Neoliberal economists are dimly aware of the fact that fascist and Nazi economics were centrally-planned but not socialist, but they tend to dismiss these economic systems because of the attendant political horrors and have made precious little effort to develop rigorous theoretical accounts of how they worked. As we shall see, the Japanese system has achieved many of the things the fascists wanted.

Modelling the Japanese System

The best way to model the Japanese system is to start from the conventional models of free-market capitalism and centrally-planned socialism and discuss how it differs from both.

In order to grasp what the Japanese have done, it is worth comparing it to Western attempts to achieve the same thing. For example, the Japanese have understood that the ambition of the advocates of the "mixed economy," like Hugh Gaitskell in the UK, to socialize the "commanding heights" of the economy, has some rational basis, in that it embodies the desirability for some government direction of the economy without a total Gosplan-style takeover.

But this aspiration was misinterpreted in classic socialism, which understood the commanding heights to be basic industries like coal, steel, and railways. The problem with this, however, is that these industries do not command anything. Important though they are, they do not constitute a lever by which the economy as a whole can be controlled; they do not issue orders to the rest of the economy which determine how it behaves. The supply of capital to business, however, does, and this is under state control in Japan. One way to think of the Japanese system is as a capitalist economy with socialized capital markets.

Capitalism Without Plutocracy

Another case in point: does capitalism require plutocrats? The classic capitalist answer is that somebody has to own productive assets with a view to maximizing their profit, some of those who do will succeed brilliantly, therefore somebody must be rich.

But the Japanese see this as wasteful, so their system is designed so that corporations, in essence, largely own themselves. Even when there are nominal outside owners, corporations are managed so that the bulk of the wealth generated by the corporation flows either to the incomes of present workers or to investment in the future competitive strength of the company, making the workers and the company itself the de facto or beneficiary owners.

Most corporate capital in Japan is owned by banks, and the banks are principally owned not by shareholders, but by other companies in the same keiretsu or industrial group. And who owns these companies? Although there are some outside shareholders, majority control is in the hands of the keiretsu's bank and the other companies in the group. So in essence, the whole thing is circular and private ownership of the means of production has basically been put into the back seat.

Actually nationalizing the means of production would produce all the problems that led to the wave of privatizations in many nations in the last 20 years, and is unnecessary anyway. The Japanese system makes a sly mockery of both capitalism and socialism.

Forcing Growth by Forcing the Accumulation of Capital

One key way in which the Japanese system differs from American capitalism is that it squarely faces a fact that neoliberal economists admit, but tend to do nothing about:

The rate at which any economy - capitalist, socialist, feudal, fascist or what have you - can grow is dependent on how much of its production is saved and invested, rather than consumed.

America does almost nothing to increase its very low savings rate. Japan has a very high savings rate and this is a result of deliberate government policy and the lynchpin of the entire system.

How do they do it? The architects of the Japanese system understood that the socialist and communist way to produce high savings, i.e. outright confiscation of wealth, is destructive of people's incentive to work (not to mention its other problems) so they did not implement it. They understood that by definition, savings = production - consumption, so they focused on repressing consumption.

This means, for example, deliberately restrictive zoning policies that keep Japanese houses small, and it means not having the various devices in place by which America subsidises borrowing and makes debt easy to assume. As a result, the populace of Japan is forced to save a far higher percentage of its earnings than Americans do.

It is a mistake to attribute Japan's savings rate, or many of its other key aspects, to "culture," as Japan had the same culture before WWII, when her savings rate was low. It is the interaction of culture with deliberate state policies, not culture itself, that is key. The use of "culture" as a catch-all explanation by foreign analysts of Japan is an evasion of serious analysis.

Controlling the Economy by Controlling the Accumulation of Capital

The Japanese government deliberately channels savings into a limited number of financial institutions under its control simply by making sure there is nowhere else to put the money. For example, it has seen to it that the Japanese cannot just open a brokerage account at Merrill Lynch and invest their money in the American stock market.

This huge torrent of savings flows to a handful of major banks, which the government has under its thumb because banking is extremely regulated in Japan, enabling regulators at the Ministry of Finance (MOF) to crack down on any bank at any time they see it doing something they don't want it to. So the banks are subject to the whim of the government, which then controls the economy by controlling how the banks allocate all this capital.

The net result is that the world's second-largest pool of private investable capital is subject to the control of a few hundred elite bureaucrats in Tokyo. The leverage they exert by controlling where this capital goes is the key to all their power.

How Japan Avoids the Problems of Soviet-Style Central Planning

The real genius of this system is that it is so indirect. These MOF bureaucrats are not stupid. They have read von Hayek, watched the Soviet Union struggle, and understand perfectly well that classic Gosplan-style central planning is unworkable. So they do not even remotely attempt this.

They understand quite well that the day-to-day detailed operation of the economy is best left to the invisible hand, just like Adam Smith said. They do realize, however, as Adam Smith didn't, that it is possible to manipulate an economy that is 99% capitalist into being, essentially, a centrally-planned economy if the state controls the right 1%. And this "right 1%" is the allocation of capital, especially big capital.

The MOF uses its stranglehold on the allocation of capital to make the banks into willing servants of its mission to control the Japanese economy. The banks, which in this respect (but not others) function similarly to the classic universal banks of Germany, handle almost all the detailed work of figuring out which companies should be loaned money and for which projects. The MOF essentially sits back, audits their performance, and rewards or punishes as appropriate.

This elitism in the MOF's control of the Japanese economy explains why so many outside observers fail to see it at all, though if one approaches the literature on Japan with this in mind, one quickly sees which observers have grasped the game.

In the early days of the Japanese system, the government had to be more involved in the details of deciding which industries to finance, because the banks had not developed the necessary sophistication, and so a far larger role was played by the Ministry of International Trade and Industry, the famed MITI, which actually did perform the classic industrial-policy functions of picking winners etcetera. But as Japan's private-sector banks have become more sophisticated, the need for this has diminished, and the MOF has become the key to the system. (MITI is still around, because there are some more speculative parts of the economy that the banks are not expert in and so the government still needs it sometimes.)

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Book Reviews

Authenticity: Brands, Fakes, Spin and the Lust for Real Life

David Boyle
Harper Perennial £8.99 pp352
ISBN: 000 717 9642

The central claim of Boyle's *Authenticity* is that despite or perhaps because of our branded, rootless, virtual way of modern living, torn from the natural rhythms that have governed all societies until recent times, there is a yearning for the 'authentic' amongst a sizeable proportion of the population. For authenticity read also ethical, natural, honest, simple, unspun, sustainable, beautiful, rooted in place, three-dimensional, and, most importantly, human. He argues that this yearning could lead us towards a future very different from the technocratic artificial futures predicted by many futurologists, towards something recognisably human-scale, rooted in nature and inspired by spirituality.

The book is packed with examples from the battle between fake and real drawn from the length and breadth of modern culture, including fashion, food, politics, tourism, the use and abuse of statistics, story-telling, and most compellingly, the marketing campaigns which, recognising the power of authenticity, add authenticity into the claims they make for their products wherever possible. Just short of fifty percent of the population of the UK, known to sociologists and marketing analysts as inner-directeds or cultural creatives and termed 'new realists' by Boyle, prioritise goals such as self-development and education above material prosperity. These are the people who find the concept of authenticity most attractive and who are correspondingly hardest to reach by advertising.

After reading Boyle's book I kept seeing evidence for his arguments everywhere, from the leaflet produced by *McDonalds* showing me the happy Cumbrian farmer who produces organic free-range eggs for the multinational company, to the advert for *Esure* which rather than co-opting authenticity to sell its product, took the belligerent approach of deriding Internet users who 'wasted their time' in authentic pursuits such as contacting old friends or researching their family history instead of searching for cheaper house insurance.

The cynicism of consumers, particularly the young, has led to campaigns which market rebellion or counter culture amongst the young, the Rap and Hip Hop industries being extreme examples. Also, the strategies of corporations to give trainers or games away to 'cool' youths in a bid to sell them to their emulative peers has led to a blurring of what is real and what is manufactured, in what Boyle calls 'Fake Real'.

This, coupled with the fact that true authenticity is elusive and not easily attained, has allowed critics to claim that it has been downgraded to the status of a consumer goal, or packaged revolt, that it is not a permanent aspiration but a mere fashion. However, Boyle argues that the whole point of authenticity is that it is addictive, and whereas at first a superficial token authenticity satisfies, more and more is demanded as people become more discerning. As consumers are becoming increasingly savvy, they are having to try harder and harder to prove to us their authenticity, and in the end might start having to make some genuine changes, such as those suggested in his twenty guidelines to businesses for coping in the age of authenticity.

In reality, authenticity is not something that can be bought or sold. The key to authenticity is humanism. It is a movement away from the idea that human beings are just glorified computers, and a recognition that the technocrats and planners of both the Socialist and Capitalist Utopias have failed to satisfy the deep spiritual and moral needs of humanity. It is a groping towards a flawed but sincere humanity 'rooted in nature, created by God'. Boyle shares his analysis of the fakery of modern life with Massingham, who wrote the recently republished *The Tree of Life* (see back page, ed.) in 1943, in which he warned against the consequences of trying to divorce life from 'God, nature and reality'. Boyle concludes that the battle between the authentic or human and the artificial or technological is the 'great divide' that will shape the next century.
Rachael Babar researches Islamic banking and monetary reform

Trust Us We're Experts: How industry manipulates science and gambles with your future
Sheldon Rampton and John Stauber
Jeremy P Tarcher/Putnam
pp 360 £12.99
ISBN: 1585 421391

This book, I feel, is something in print that everyone in the street - be they small and humble or high and mighty - knows to be true. That is to say, everyone knows that where politics and (market-style) economics overlap, then corruption and market fixing will - and always does - occur.

What this book does, is to prove in excruciating detail, the minutiae of one form of market-fixing or another. Unfortunately, as with other books of this type, the problem remains one of maintaining the reader's interest. It is, I suppose, somewhat similar to the film *Ground Hog Day*, where an 'average Joe'(Bill Murray) wakes up every morning to realise that he is living the same day over and over again. Every new chapter in the book has a distinct resonance with the previous chapter(s).

This being the case then, I can foresee the authors of this ultimately boring and perhaps pointless book blaming some underhand, cunning and devious ploy on some all-seeing, all-knowing forces of big (usually) American corporations in order to put off the potentially interested reader or enquirer from enquiring any further. Indeed, a better title might have been: *Apathy: the big corporations' greatest ally...*
The very fact that I suggest this is a pointless book might indicate that I too, am falling for just such a con.

Perhaps though, I am being unfair because, to put it quite simply, if everyone believes nothing can be done, then nothing will be done! And so, for their excruciating efforts, I commend them for their exposing - with evidence - what everyone who lives in the real world knows to be true....

In essence, the book accuses the scientific community - or at least certain elements within it - of pandering to the financial needs and pressures of big (usually) American corporations. In other words, if a corporation wants a certain product to be proven in, say, a new and financially lucrative drug, then scientists can and will be found to accommodate their wishes; hence, scientists will 'prove', through scientific methods, that what the corporation wants is not only good for all concerned, but a necessity for humanity to prosper. In this way, scientists have become a crucial marketing tool in the world of business; that is, turning wants into needs.

There certainly are some interesting bits to the book and for a non-cynic, some of this book could be - and should be - truly shocking. However, for me, the most interesting part is the clear explanation of how science is supposed to work (Theory); how science has actually worked (Actuality); and how science works when mixed with real world Economics (Reality).

In Chapter 8 (p. 196) for example, the books cites an American professor, Frank Wolfs, as saying that the scientific method is often a myth because 'it is influenced by personal and cultural beliefs'. This, when accompanied by a flawed peer review system of checking, necessarily means that a) new science is often frowned upon as being too radical and b) that the personal and cultural beliefs of scientists is all-pervasive in undermining good science. In other words, institutional science is a very conservative thing and is slow to welcome change and is very susceptible to the usual human frailties of self-interest, greed, ambition etc. What the book does point out is that significant scientific moments in history have occurred not through scientific method, but by genius and risk. In particular, Copernicus, Newton and Darwin are cited.

The conclusion from this therefore, is that with an inherently conservative nature, institutional science can (and does) actually prevent good and imaginative science from taking place and in driving change. (This is of course, especially ironic given the US's current argument that environmental damage and climate change should be addressed by using (institutional) science. Perhaps therefore, it is no coincidence that science is a field where the US has a strong competitive advantage and significant commercial interests...! If this is the case, then the authors of this book have proved their argument.)

In a world where scientific research is dependent upon financial backing, it is little wonder that scientists often find themselves compromised in their method and that the fingers of big business can be detected in many areas, probably to the detriment of good science and to the reputation of the scientific community as a whole. What the book *Trust us, we're experts* does do is highlight many single-issue examples as well as recognising the contradictions that exist within the scientific-business relationship. In my view, it is overly detailed and could have been significantly 'lightened' so that it is more accessible to the 'average person'. It is not sufficient to have a light-hearted title to attract the buyer, only for the reader to become bogged down in detail and repetition.

Tim Roake has had a lifelong interest in Economics and Politics. He is a teacher of Economics and History 'A' Level to the Sixth Form at Berwick-upon-Tweed Community High School.

Obituary

We were sad to hear of the death of Miss Alma Winifred Batty, a long-standing supporter of Social Credit like her father before her. She donated some of his books to the Social Credit Library only a short time ago, expressing once again at that time her hopes for our success. We extend our sympathy to her family and friends.

Alongside some personal legacies, Miss Batty instructed that a quarter of the balance of her estate be donated to the Social Credit Secretariat. This will enable us to extend our research and continue our work of promoting the work of C H Douglas in the context of the present day.

C H DOUGLAS: "There is too much attention paid to the material aspects of these matters [i.e. capitalist or command economics]. 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". Central Hall, Liverpool, October 30th 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

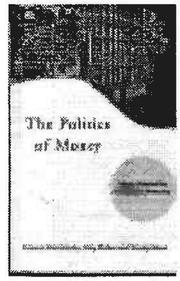
SUBSCRIPTIONS TO TSC
Annual rates:
UK inland £7.50 Airmail £11.00
Make cheques/money orders payable to KRP Ltd
and send to The Social Credit Secretariat, PO Box 322, Silsden, Keighley BD20 0YE (UK)

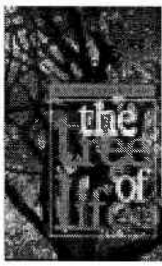
Recommended Reading

Frances Hutchinson
Social Credit? Some Questions Answered
(KRP £5.00)

Eimar O'Duffy
Asses in Clover
(Jon Carpenter £11.00)

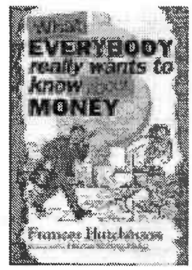
Frances Hutchinson, Mary Mellor&Wendy Olsen
The Politics of Money: Towards Sustainability & Economic Democracy
(Pluto £16.99)





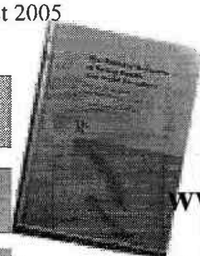
H J Massingham
The Tree of Life
(Jon Carpenter £13.99)

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
Out of print, paperback edition available Oct 2005



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If you wish to comment on an article in this, or the previous issues, or discuss submission of an essay for a future issue of *The Social Crediter*, please contact the Editor, Frances Hutchinson, at the address below.
(It would be very helpful if material were submitted either by e-mail or on disk if at all possible).

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