

Developing the Socially Useful Economy

**Stephen Bodington,
Mike George
and John Michaelson**

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John Michaelson

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This book is dedicated to the memory of Danny Conroy, who tragically died in spring 1985. He was a key figure in the Lucas Aerospace Combine Shop Stewards Committee, whose efforts to replace redundancy and unemployment with socially useful work has had a profound influence on all who seek to create an economy 'as if people mattered'. Danny himself had a quite ferocious commitment to social justice, yet seldom sought public recognition. To the end he stayed at 'the base', believing that activity with 'ordinary' working people was the best way of achieving a more democratic, just and satisfying society.*

* This phrase is the subtitle of E. F. Schumacher's book *Small Is Beautiful*.

Preface

In 1984 a series of seminars were organised, aimed at examining a range of new and relatively new approaches to the conduct of economic affairs in Britain. The three authors of this book were intimately involved with the preparation and running of this seminar series – which was called ‘Developing the Socially Useful Economy’. Such was the quality of the papers presented at these workshops, and of the discussions that took place within them that it was decided to prepare a book – which includes and reflects a very interesting and important six-months’ investigation.

The seminars were organised by CAITS (Centre for Alternative Industrial and Technological Systems),* and Middlesex Polytechnic staff, particularly those concerned with the Polytechnic’s innovative degree course ‘Society and Technology’. We drew upon the expertise of a range of academic, trade union, and local authority sources, some of whom prepared papers, some addressed the seminars, some wrote ‘discussant’ papers. In all some eighty people were involved in the seminars, and this book would not have been possible without the input of all; every seminar was tape recorded, and this material has been used in this book, as well as the papers. While inclusion of parts of the participants’ papers has been cleared with them, the authors remain responsible for the end product, and any errors or omissions.

We would like to thank Gina Jennings who helped with the typing in a very efficient and supportive way, staff at CAITS and Middlesex Poly, and of course all those who turned up to make the seminar series so rich and fruitful; it is regretful that we cannot include all the names of the participants, and we hope they will accept this omission.

* See Appendix.

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Introduction

As Britain approaches the era of a painful downturn in North Sea Oil revenues with rising unemployment, cuts in social welfare provision, mass dislocation in the labour market already in full evidence, many people are casting around for an economic philosophy and practice which may help us avoid becoming ever more underdeveloped as a nation, and not only economically.

Voices opposing a decade of so-called Monetarist doctrines are growing in number and stridency. The great 'experiment' in applying narrowly-based financial criteria to the mass of rich traditions and practices which go to make up our society, is being seen increasingly as a failure. Unemployment has tripled, firms have increased profitability in recent years – but at most people's expense, public sector provisioning is increasingly in tatters. Furthermore the *political* use of Monetarism (which in many ways has been more in evidence than its economics) has installed an authoritarian power in the land. People have been 'put in their place' – or rather the place that those in power (Government, corporations, etc.) have chosen for them; that is, on the margins, outside the bodies which wield power. We are witnessing a more thorough-going anti-democratic political and economic programme than has been seen for many years.

Yet we must be careful not to simply revert to the *status quo ante*, that is, a bit more public expenditure and the removal of some of the harsher legislation and policies, for instance in the area of control over trade unions. We have been down that road, and few will honestly say that the 1960s and much of the 1970s was marked by any important, deep or lasting reorientation of Britain's political economy towards the interests of so-called ordinary people; that Monetarism could be so easily introduced during a Labour administration is just one piece of evidence attesting to this.

But what, the reader may ask, are we seeking, when we counterpose what we have called a Socially Useful Economy, against both Monetarism and the 'welfare capitalism' which preceded it? First, we face a host of economic problems when our cushion of oil revenues deflates –

already the value of imported goods and materials outstrips exports. Unemployment is set to rise even higher, real wages, including the social wage (i.e. health and social security benefits) are set to drop – especially for those already on low wages. Our productive base, which is not just made up of manufacturing, is set to shrink yet further.

These and all their associated social problems seem set to increase, that is, unless we put new life in our economy in ways which are more fundamental than anything seen since the Second World War; ‘more of the same’, or ‘less of the same’ simply will not do. The ideas contained within the approach we follow aim for a clear break with post-War history – *as an economic necessity*.

Second, and of equal importance, our economy must be *subservient* to the needs of the people as a whole – not, as at present – an economy which is like a ‘god’, to which we are expected to offer up sacrifices. For to discuss the *political economy* of a country inevitably makes overt the values that a society holds, whereas in more recent years the unhealthy separation of ‘economics’ from societal values has hidden this basic connection. Our starting point therefore is to place prime value on meeting the needs and aspirations of all sections of the community. This is not as banal as it may sound. Consider the values of a society – or rather the values of the dominant elites – in which little is done to help 4 million unemployed people, where in fact social security benefits for unemployed people are under attack. Consider the values of a society that puts almost nil resources into research to help Britain’s growing elderly population, yet which spends perhaps £12 billion on a single military programme, i.e. Trident. Consider the values of a society in which employees who question the investment strategies of their firm are sacked – as happened in Lucas Aerospace in the late 1970s and early 1980s.

The values which predominate in a capitalist form of political economy are ‘exchange values’ – basically money values. But to properly meet the needs and aspirations of people requires these sorts of values to be replaced with ‘use values’ – that is, the *actual* utilities produced by goods and services. These are only very indirectly expressed through ‘the market’, and those who don’t have the money, i.e. the ‘money-power’ to control or even fully use ‘the market’ are legion.

At this point the reader may well suspect that we are pointing ourselves towards a socialist political economy, she/he would be quite right. We are considering democratic forces, the issues of power, of secrecy, non-accountability within political economy. But as socialism encompasses a wide range of intersecting strands of thought, policy and organisation of activity it is always necessary to try and define what one

means. For instance we do not regard socialism as 'the Gas Board writ large' or 'Big Brother', nor are we wedded to the command economies of the Eastern Bloc. By going back to basics, to the fundamental values in political economy, namely use values, we hope to shed light on the ideas and practices of a truly liberating socialist political economy.

What lies at the root of much that follows is a recognition of and faith in the abilities of so-called ordinary people to forge ways and means that more fully satisfy their needs – both material and otherwise. The reader will not find many 'blueprints' in this book, it is an exploration of constraints and possibilities, based on what we have called the Socially Useful Economy.

We have started, as we must, in Part I with some detailed examination of the capitalist framework under which we labour. Chapter 1 *may* look 'difficult', but we urge you to read it, for it lays out our fundamental analysis from which much else proceeds. The 'lazy' reader (of course, none of you will be that, however . . .) may care to read Chapter 2 first, which summarises the *effects* and *issues* arising from capitalist political economy.

We then move on in Part II (Understanding what Cripples Us), to a more detailed examination of 3 key aspects of the problems that confront us. First, the political use and power of conventional economic orthodoxy. Second, the political usage and power of technology in our society. Lastly, the 'structures of authority' which organisationally hold us back.

Part III (How We Can Reconstruct) lays foundations for the Socially Useful Economy. It contains four aspects of reconstruction, some of the key concepts required, ways and means of 'negotiating' our way towards SUE (Socially Useful Economy), what organisational forms and procedures we could put in place, and how we see SUE being financed. Part III also contains most of the important elements of what we mean by a Socially Useful Economy.

We have then interspersed two case studies (Part IV), which throw extra light on the differences between SUE and OPE (Orthodox Political Economy). And finally, we conclude with 3 chapters, in Part V which is called 'Building the New from the Old', which suggest various ways in which we can *now* start to create our Socially Useful Economy.

We include as an appendix a list of seminars, the topics, the papers and the speakers from which the ideas and proposals in this book have sprung. We trust you will enjoy this exploration into political economy, though we offer few 'neat' solutions – we characterised the seminar series of the same name as 'jumping into a muddy pool from hopeful-looking angles', enjoy the process!

Part I

Defining the Problem

Why has 'the economy' become a sort of god-like entity in society, to which 'we', people, have to make sacrifices? Why has this crucial aspect of human life become abstracted, so that few of us feel we have any real understanding of the workings of economics and relate to it as 'an external force' over which we have no control? Chapter 1 tries to put this into context, by showing, in brief, how the main motors of capitalist economics work in the world.

'Sound finance' is a dominating principle in the current organisation of people, plant, equipment, public sector provision, even invention. We show how this principle is applied in practice, and point to some of the crucial consequences of its acceptance. Obviously we take this principle and all that flows from it to be a major problem for us who live in Britain, and to other 'ordinary' people elsewhere.

What happens 'now' is of course of critical importance for all who seek to improve the ways that we use resources in society. This first chapter sketches some essentials of the situation under which we now labour and live.

Chapter 2 opens up our thinking about what we mean by a Socially Useful Economy, and deals with the motivations that underlie our endeavours. We counterpose human need to the workings of markets and what we refer to as money-power, we examine the problem of mass unemployment, of environmental degradation, resource wastage, the crisis of the Welfare State, of human rights and freedoms. Here we lay out the principal reasons why we urge a fundamental re-think of ideas and criteria that guide economic analysis and practice.

1 Britain in the World Economy

With their money they bought ignorance
and killed the dreamer

Alice Walker

INTRODUCTION

In June 1984 a striking Durham miner interviewed on television asked a simple question: 'Why pay me £60 a week to do nothing if I'm unemployed, when, with this or less to help cut the cost, I could be usefully mining coal?'. At much the same time another simple question was being asked: 'If food surpluses are piling up unused here and elsewhere people are starving, why is not the food sent where the need is?'. To store EEC surplus grain for four years costs £200 a tonne; to transport it to where the need is costs £25 a tonne (*Observer*, 28 October 1984). Why are not resources moved to needs, saving people and money?

With unemployment running at 4 million and with at least 8 million people living in or on the margins of poverty in Britain, Government Ministers are saying this is indeed 'a tragedy' – but not of their making. 'We are all the victims of a world recession' – and they point to the 14 million unemployed in the European Community. We should pause to think about the full meaning of such statements: they declare we are part of an economy that is much more than Britain, indeed part of a world economy, *and* they are also saying we are part of an economy *that we cannot control*. The question we have very seriously to put to ourselves is *whether this must be so*. How can we as sensitive, caring human beings fatalistically accept the inevitability of social disaster? Do we not owe it to our own humanity to think carefully about Britain's relationship to the economy of the world as a whole and to seek out what can be done to change things?

First, it is necessary to look with open eyes at some of the broad contours of this world of which we are part. Huge companies and State corporations, pushed by some inner logic, have expanded and continue to still further expand operations that span the whole globe. We see too military establishments adding billions to billions of socially useless expenditure in order to perfect applied sciences of destruction. We see too millions upon millions of people standing by in hunger and despair unable to get access to resources and to use their own energies to make livings for themselves. We see a world sleepwalking to disaster. It is there readily to see, but we cease to look; for, we say to ourselves, what can we do about it? We go back to whatever routines of daily existence we have. The giants of industry and finance also are guided by their inherited routines of 'successful business'. The military re-enact age-old traditions of organised force, heads down and blind to the destination of their steps. But reality does not cease to exist because we do not look at it: signals of social disaster continue to multiply – not only present death and starvation, also the despair of unemployed youth, extraordinary psychological disturbance, derangement, violence, crime, innumerable crises of unannounced suffering everywhere. Forty years ago a United Nations Charter declared that human beings had a right to work: to make such promises and so signally to fail to deliver on them is conduct which, since nowhere else arraigned, declares its own verdict in the malaise everywhere in evidence. We need the courage to look again at reality and seek again answers to the problems we see.

Individuals on their own can do little. So how can we combine to change things at the level of macroeconomics, and how can we initiate alternative processes that are viable in face of economic forces at national and world levels?

THE DOCTRINE OF TINA (THERE IS NO ALTERNATIVE)

Accepted wisdom 'regrets' the plight of the wretched of the earth, the unemployed debarred from working and the food that does not reach the starving, but, firmly announces that there is no alternative. It argues along some such lines as the following. We must get our national finances straight, take corrective measures against inflation and generally adopt and be seen to be adopting sound financial policies such as the International Monetary Fund would endorse as satisfactory and such as would ensure our ability to attract funds with which to redevelop our economy on a sound basis. Given a sound basis great prospects lie

ahead of us; we live in an age of unprecedented technological advance and, once we have a healthy economy, the whole community will reap the great benefits that modern science and technology have to offer. The present is indeed uncomfortable; we are simultaneously facing two vast social upheavals – and perhaps it is unlucky that they coincide. Anyhow we have (i) to cut from our economy dead wood that has become diseased and is sapping our vitality and (ii) to cope with the inevitable dislocations that accompany – and in the past have always accompanied – profound technological change. Steam power caused great social upheavals at the beginning of the 19th Century, electrical power, new materials and mass production caused great social upheavals at the end of the 19th Century and beginning of the 20th Century, now inevitably the microchip, robotisation and the ‘information revolution’ cause social disturbance as new industries advance and old industries decline.

This line of reasoning then goes on to ‘diagnose the sickness in the British economy’; this, accepted wisdom says, is largely due to ill-considered public spending and its cure obviously requires that public spending be brought again under proper control. In public spending, they say, there is a twofold poison: the macroeconomic poison of inflation that is destructive of social and economic relations in society as a whole, and the microeconomic poison that afflicts individual businesses when, feather-bedded by public funds and not braced by the disciplines of competition and profit-and-loss, they lose all momentum and fall victim to wasteful, bureaucratic management.

Words such as these fall on a good many receptive ears in a society in which there has indeed been heavy inflation, where there is already unemployment, where people complain about taxes and rates and where frustrating bureaucracy is much in evidence. Also there are many people who would like to hope that a free market economy, in which everyone is able to make good money and enterprise is generously rewarded, would be possible if only the bureaucrats and scroungers of public funds, big and little, were pushed out of the way. As for technology, they think, is it not obvious that ‘science can do anything these days’? So should we not hasten to get through the painful years of re-adjustment and put ourselves in a position to enjoy the benefits of advanced technology? After all it is well known, this line of thought continues, that Britain has been in the forefront of technological invention, but vested interests, restrictive practices, stick-in-the-mud organisation have prevented us from harvesting economic advantage from our great technological potentials. Hence the argument moves to the conclusion that we need to free our economy, to run it on financially