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THE MULTILATERAL AGREEMENT ON INVESTMENT: A LEAP IN THE DARK?

***Ann McKechin** is writing in her capacity as Chair of the Glasgow branch of the World Development Movement (WDM), one of the UK's leading organisations campaigning to improve the lives of the world's poorest people. Through national networks of members and local groups, WDM tackles issues including multinational companies, debt, the arms trade and aid. WDM is not a charity but aims to change the policies of governments and companies which keep people poor. In the following article, the danger posed by the Multilateral Agreement on Investment is analysed.*

A frightening change is taking place in the way the world economies are being operated. With increasing globalisation of trade and investment, the key decisions are made not by government but by multinational companies. Now, behind closed doors, an agreement is being hatched which is taking this process a terrifying step further.

The Multilateral Agreement on Investment (MAI) is being negotiated at the Organisation for Economic Co-operation and Development (OECD) which is the Paris based club of 29 of the world's richest countries. Apart from the defence sector, which has an automatic exemption for all countries, the MAI would allow completely unrestricted foreign investment, acquisition and ownership in any sector of the British economy. The MAI would be enforced by an international tribunal, composed of trade and legal experts, making their decisions behind closed doors. They would be given the power to challenge national laws in Britain and other countries, and to award compensation to foreign investors that may amount to millions of pounds.

Why have the British public heard so little about these proposals which will have such a drastic effect on our ability to make our own economic decisions? Certainly the lack of proper public debate assists those who are most likely to benefit, namely the multinational companies themselves. A similar agreement was proposed for inclusion in 1993 in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), forerunner of the World Trade Organisation (WTO), but developing countries strongly opposed it. The United States, supported by multinational companies, then pushed for an agreement to be negotiated by the OECD. Secret negotiations began in 1995 and were subject to a very rushed timetable (The Uruguay Round took 10 years in comparison). **The draft outline agreement was not made public until late last year and then only after a copy was leaked on the World Wide Web.**

The agreement was due to be signed in May last year but due to widespread concern this has now been postponed until this May. In this period over forty international, environment, development and consumer organisations including the World Development Movement converged on the OECD in October to press for the suspension of talks and a complete rethink of the basis of negotiation. They called for any agreement to enforce the responsibilities of multinationals rather than simply extending their rights. Despite the remarkable unity displayed by such a wide range of non-governmental organisations, the OECD refused to consider their appeal or to commit to public participation in an independent assessment of the social, developmental and environmental impacts of MAI. This lack of co-operation has led to many such organisations launching campaigns to stop or radically reform the agreement before it is due to be signed.

The terms of the MAI would appear to be in direct conflict with the legitimate aims of the majority of our population. Whilst members of the public and governments around the world are rightly concerned about the impact of deregulation on food safety, worker's rights, the environment and the welfare of the poor and vulnerable amongst our society, the MAI would severely restrict

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the ability of nation states to provide a fair regulatory framework for foreign investment. Yet a new international consensus is emerging around the vital need for a capable and active government role in regulation of the economy. Even the World Bank in its 1997 World Development Report" The State in a Changing World calls for a strong government role, citing policies the MAI, if implemented, would disallow.

The MAI represents the first international agreement in which multinational companies are accorded rights that extend far beyond those available to governments or individuals. The MAI allows foreign investors to sue governments in an unaccountable international tribunal over any policy or law which discriminates against them. We now have the prospect of large multinational companies suing democratically elected governments for millions of pounds over policies or laws designed for the benefit of its citizens. There are no corresponding provisions for governments or individuals to sue foreign investors.

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At the same time there are no responsibilities required for multinationals. Companies can engage in global monopolies and unfair trading practices without restriction, since there is no international agreement on competition, policy or restrictive business practices. Practices such as transfer pricing to reduce tax or discriminatory pricing to eliminate small competitors are widespread. Yet globalisation means that the world's multinationals are beyond the scope of any one country's laws. The recent court case brought by the US Attorney General against the Microsoft Corporation shows the might of the largest multinationals against even the most powerful nation on our earth. In fact, the annual sales of the largest eight multinationals exceed the GDP of the 50 poorest countries.

A good example of the problems which seem certain to arise is a number of cases which have resulted from the experience of Canada and Mexico as members of the North American Free Trade Agreement (NAFTA). Canada is currently being sued by a US multinational, Ethyl Corp. for banning a toxic chemical used as an additive in petrol. The company claims the law discriminates against it and is using a clause in the agreement to sue for $250 million. Apparently, it is likely to win! In Mexico, local authorities are being sued for refusing permission to US companies who want to set-up toxic waste dumps. MAI negotiators wish to copy this NAFTA clause which is being used to raise these court proceedings. As a result a huge number of laws on public health, worker's rights, local communities, the environment and consumer rights could be open to challenge.

The MAI will be binding also on local authorities and the proposed Scottish Parliament and Welsh Assembly. Of particular concern is the requirement for non-discrimination against foreign investors. Many local authorities are probably in breach of the current draft MAI through their policies to direct incoming investment, support local businesses, create jobs, provide skills training, and protecting the environment. Potentially this may lead to the world's largest multinationals suing our local authorities and regional bodies. In addition, regional development agencies and local authorities would lose powers to protect local communities from inappropriate foreign investment and powers to strengthen local indigenous companies. Ironically, the US government has sought exemption from the MAI for all US state and local governments following a recent study in the US which identified hundreds of state and local laws that could be ruled out by MAI.

Our elected bodies could not discriminate against companies investing in repressive regimes. The MAI would grant a clean slate to the fly-by-night companies that abuse human rights, workers' rights, or the environment, and then move on to another country.

The consequences for the developing countries of the world are even more severe. Although most of these nations are not party to the negotiations it is clear from a number of statements from OECD officials and the large multinationals that the real aim of the agreement is to liberalise investment opportunities in these countries. Non-OECD countries will be "invited" to sign the MAI which is already being seen as a stamp of approval for foreign investment. Most of the poorer countries that are desperate to attract foreign investment at any cost will be under immense pressure to submit to the MAI terms but will not be able to negotiate in the present talks.

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Infant industries in developing countries face formidable obstacles in entering the world economy. They are typically disadvantaged by a relatively weak domestic infrastructure and trade barriers. They are also forced to compete from the earliest stage with large multinationals, which are able to produce on a massive scale and spread their costs across global markets. The playing field is not "level" but policies to assist these industries would be prohibited under the MAI.

A number of countries have restrictions on the types of ownership permitted. An estimated 75% of foreign investment is in the form of acquisitions, where a multinational buys a domestic company. This is often followed by a rationalisation process where the end result is job losses, lower exports and the transfer of decision-making functions outside the host country. Accordingly, countries such as Indonesia and Kenya have prohibited outright acquisition whilst allowing joint partnerships and purchase of minority interests. Malaysia has also used restrictions as a means to spread company ownership more broadly in its society. **All these policies placing a restriction on the type of incoming investment would be prohibited.**

The MAI would also prohibit rules requiring the employment of nationals, requirements for transfer of technology and local content rules. These measures encourage the development of a base of skilled workers and domestic suppliers. The development of such "roots" in the local economy not only helps employment and new industry but also acts as an anchor for the footloose assembly plants attracted to the next offer of generous incentives.

It is worth noting that these very same policies have been used during the development of most, if not all OECD members. Poorer countries have limited opportunities for building a strong domestic economy. By prohibiting policies which would enable them to gain a foothold in the global economy, the MAI would make it difficult, if not impossible, for poorer countries to diversify their economies away from dependence on commodities and extractive natural resources. Signatories to the agreement would be effectively locked in for a minimum of 20 years as no country can withdraw for five years and will be bound by the agreement for a further 15 years. The MAI will further fuel the "race to the bottom" in which government will be forced to consider abandoning their commitments to education, health, social services and environmental protection in the scramble to attract investment. More "trickle down" policies are not the answer to global poverty.

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In the United Kingdom, negotiations are being led by the Department of Trade and Industry. To date their response to the many concerns which have been raised against the MAI has been lacklustre. There has been virtually no public information on the proposals or any political debate in Parliament. The World Development Movement is certain that if there was a proper public debate on the issues, our negotiating stance would change significantly. We believe our campaign is vital if we are to prevent our country and others taking a dangerous leap in the dark.

We would encourage you to write to your MP, and to Margaret Beckett MP, President of the Board of Trade to press for:

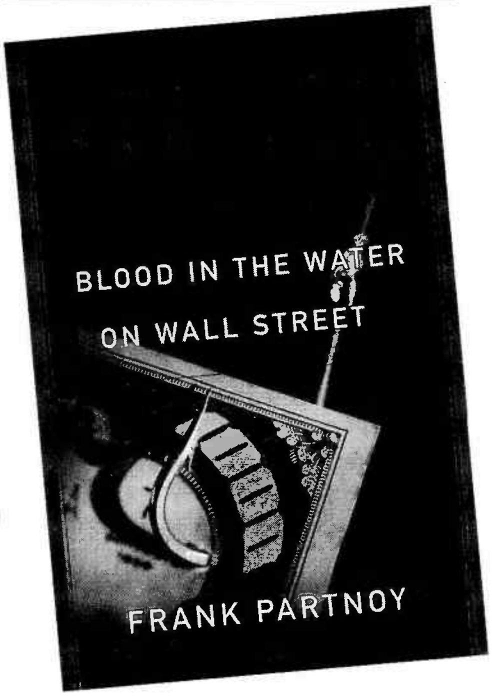
- A delay in signing the agreement to allow sufficient time for informed public debate.
- Full participation by developing countries in any negotiations.
- A full analysis of the likely impact on the poor; on UK social, health and environmental policies; on regional development agencies; and on the developing nations of the world.
- A binding agreement on multinationals that will establish responsibilities for multinationals rather than strengthen their rights.

Further information on the WDM's campaign can be obtained from
The World Development Movement,
25 Beehive Place, London, SW9 7QR.
Tel: 0171 737 6215
or at its Web Site –
http://www.oneworld.org/wdm/

QUOTE

"I sympathise, therefore, with those who would minimise, rather than with those who would maximise, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel - these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and, above all, let finance be primarily national."
J. M. Keynes (1933), *National Self Sufficiency* in D. Moggridge (ed.),
The Collected Writings of J. M. Keynes,
(London: Macmillan).

book *review*



F.I.A.S.C.O.: Blood in the Water on Wall Street.
By Frank Partnoy,
(London: Profile Books Ltd., 1997)

Reviewed by Alan Armstrong

"There is inherent in the capitalist system a tendency to self-destruction."
Joseph Schumpeter

In December 1928, US President Calvin Coolidge in his address to Congress suggested that "No Congress of the United States ever assembled ... has met with a more pleasing prospect" and that they should therefore "regard the present with satisfaction and anticipate the future with optimism".

Just 22 months later, on Thursday, October 24th, 1929, the Wall Street Crash began, giving notice of a decade of depression that would not lift until the world prepared again for War.

The charge that blew the world to war in 1939 had been lit by a frenzy of speculation in increasingly sophisticated financial "securities" (involving a down-payment and borrowing of the rest from the broker or bank) and in a great variety of guises. As demand boomed so share prices soared. Buyers were borrowing madly to buy equities, not "on the basis of fundamental values but solely on expectation of capital gains".[1] In the process *The New York Times Index* of industrial common stocks rose from 134 at the end of 1924 to 452 on September 3rd, 1929. Only some 15% of their total value in September 1929 related to new equities! It was a game which simply could not go on forever.

Frank Partnoy's book *F.I.A.S.C.O.: Blood in the Water on Wall Street* - a brilliant "insider's diary, and a shocking education in the jungle of high finance in the 1990s from New York to Tokyo" - helps to confirm, if confirmation is needed, that the game is on again!

Partnoy, now an assistant professor of law at the University of San Diego, sold derivatives on Wall Street from 1993 to 1995, first for Credit Suisse First Boston and then for Morgan Stanley. During that time the seventy or so people he worked with in the derivatives group at Morgan Stanley "generated total fees of about $1 billion - an average of $15 million a person". Their earnings alone were enough he notes to "pay the salaries of most of the firm's ten thousand worldwide employees, with plenty left for us".

Through the 1920s he suggests that Morgan Stanley had been a highly reputable investment bank with a reputation for gentility and conservative business practices. By the 1980s however, it was facing stiff competition from other banks.

The "partners shifted their focus from prestige to profits" and by 1994 few other banks could match Morgan Stanley's aggressive new sales tactics. Partnoy's bosses, it seems, were transformed to "feral multimillionaires: half geek, half wolf" who, when not performing "complex computer calculations" were screaming that they were going to "rip someone's face off" or "blow someone up".

He explains that derivatives are financial instruments "whose value is linked to, or derived from, some other security, such as a stock or bond." To grasp the concept Partnoy suggests we simply think about options and forwards. He tells us that "an option is the right to buy or sell something in the future". The right to buy is a "call option" and the right to sell is a "put option". If you know a new Jaguar car model will be introduced in a month you may pay the dealer £1,000 to reserve one for you at the expected price of say £50,000. When the model arrives in the showroom you have a call option - the right but not the obligation - to buy one. If the actual price is £60,000 you may decline to buy and lose your £1,000. If however the price is only £45,000 your option is worth about £5,000.

The other type of derivative, a "forward" (or future if traded on an exchange) is an obligation to buy or sell something. If you wish a new Jaguar model but do not want to pay for an option you may enter a forward obligation to buy one at the expected price of £50,000. If the new model arrives and is priced at £40,000 you are obliged to buy at £50,000 and will have lost £10,000.

All derivatives are combinations of forwards and options and they are traded on all kinds of financial instruments - stocks, bonds, swaps, market indices etc. As competition between banks and the financial institutions becomes more severe, so greater and greater ingenuity goes into the creation and sale of new exotic, more profitable and higher risk derivatives. And all the time there is huge pressure to close a sale and to outwit the financial regulators.

Successful derivatives salesmen and women are paid huge salaries and bonuses, certainly earning high six figure sums and frequently more than a million dollars a year. When their clients lose, their losses often run to many millions.

On April 12th, 1994, the first significant derivatives losses were announced: Gibbons Greetings, Inc. recorded a loss of $20 million and Procter and Gamble confirmed the biggest derivatives loss ever reported by a US industrial company when it advised it would take $102 million to "close out two losing interest rate swaps".

"The immediate rallying cry of Morgan Stanley's president, John Mack, was typical of the mercenaries in the derivatives group ... he told a group of managing directors, 'There's blood in the water. Let's go kill someone.'"

Suddenly the breathtaking scale of derivatives sales to corporate America became clear as one major company after another acknowledge their exposure. The bankers' response is captured by Partnoy when he recalls "the immediate rallying cry of Morgan Stanley's president, John Mack, was typical of the mercenaries in the derivatives group ... he told a group of managing directors, 'There's blood in the water. Let's go kill someone.'"

The apparent disdain with which the bankers' clients were held is also evident in their view of the regulators who lack "both power and money" and are "doomed to remain several steps behind the finance industry". Indeed he asks is it even possible that "a $70,000-a-year Securities and Exchange Commission investigator could ever catch a $700,000-a-year derivatives salesman?" The answer is clearly no!

Meanwhile, losses continued to mount alarmingly. In the Orange County fiasco, announced on the 1st December, 1994, it was made known that the County had "paid Merrill Lynch almost $100 million in fees" while making a "$1.7 billion loss on derivatives". By 1997, in States such as Florida, Louisiana, Ohio, Wisconsin and Wyoming huge derivatives losses were also expected. And of course derivatives losses were not confined to the USA. In Britain, Barings Bank and the boroughs of Hammersmith and Fulham, which lost a huge amount of money on various swaps, are examples that help confirm the problem is truly global.

In the preface to this astonishing book when Partnoy refers to John Mack's rallying cry that "There is blood in the water. Let's go kill someone" he also confirms that they did. In fact, he suggest that the "battlefield of the derivatives world are littered with our victims. As you may have read in the newspapers, at Orange County and Barings Bank and Daiwa Bank and Sumitomo Corporation and perhaps others no one knows about yet, a *single* person lost more than a billion dollars". In his epilogue he notes that "In a recent survey, seventy percent of derivatives professionals said they expected large derivatives losses in 1998."

Since then, the collapse of the broker Yamaichi and the subsequent turmoil in South East Asia, especially in Japan and South Korea, even before 1997 had closed, suggest that the financial climate in 1998 may well be much rougher than the survey suggested.

J.K. Galbraith surely is right when he comments that "The world of high finance can be understood only when it is recognised that the greatest admiration is accorded those who are paving the way for the greatest catastrophe".[2]

We should keep that firmly in mind when, as we approach the millennium, our politicians are persuaded yet again by bankers that taxpayers should be asked to bail out the international financial system, or increasingly talk of a new dawn, or suggest that we ought to "anticipate the future with optimism". Nothing short of a commitment for radical reform of the fractional reserve monetary system would justify that.

[1] William Hixson, *A Matter of Interest: Re-examining Money, Debt and Real Rconomic Growth* (New York: Preager, 1991), p. 91.

[1] J.K. Galbraith, *The World Economy Since the Wars* (London: Sinclair Stevenson, 1994), p. 73.

NEW OPPORTUNITIES FOR SOCIAL INCLUSION
Through Useful and Satisfying Work, Paid and Unpaid

The November/December 1997 issue of TSC dealt with Douglas' analysis of the impact of technology on the demand for paid employment and his related call for a National Dividend to be paid to all citizens. The following presentation to the EU-Japan symposium is a very interesting development on that theme and should be of interest to Social Crediters and others who are concerned, inter alia, about the "unemployment problem".

Presentation to the EU-Japan Club Symposium, 17-18 November, 1997 by James Robertson.

In the first half of the 21st century, two features of the emerging post-modern economy are likely to affect the nature of work, how it is organised, and our attitudes to it. These will be:

- a growing emphasis on greater economic self-reliance - for nations, for regions within nations, for cities and districts, for neighbourhood communities, and for people and households; and
- a growing emphasis on conserving natural resources and the environment.

A Historical Perspective

In ancient European societies like Greece and Rome - and in some more recent societies most people had to work as slaves. The work of society was organised on the basis of a superior and a subordinate class - masters and slaves. Then in medieval feudal Europe most people - the "common people", as they were called - had to work as serfs. The work of society was still organised on the basis of a superior and a subordinate class - lords and serfs. In modern industrial societies most people have had to work as employees. The work of society has still been organised on the basis of a superior and a subordinate class - employers and employees.

This has been a historical progression towards somewhat greater freedom and equality. But the basic assumption still is that most people should work as subordinates for superiors - employees for an employer - whether in the business sector, the state sector, the professional sector or the non-governmental sector. Most people do not have the opportunity to work for themselves and one another, on work of their own choosing, under their own direction, in accordance with their own priorities and values.

Is the employment age now ending? Will full employment ever come back? In many societies, in fact, full employment never existed in the sense of everyone being able to get the kind of job that would enable them to earn a good livelihood. In countries like South Africa where I was last year, and India where I have just been, it is transparently obvious to the visitor that conventional economic policies cannot conceivably create enough jobs to provide livelihoods for those who are now unemployed. But even in those countries where full employment was seen in the recent past as a feasible goal - in Europe, North America and other rich industrial countries - a number of factors, including increasingly intense competition in a globalised economy, is making it less and less realistic to hope that employers will be able to provide jobs for all. This applies to the Anglo-Saxon economies of the USA and Britain, where the official employment statistics give a misleadingly rosy picture, as well as to the economies of continental Europe and Japan which have less flexible labour markets.

What Comes After The Employment Age?

Nobody is suggesting that there will be no more jobs. Employment is not going to disappear altogether! But we will increasingly need to recognise that valuable work includes more than simply finding employers to give people jobs. And we will need to develop ways of ensuring that people who do those kinds of valuable work are properly rewarded in terms of livelihood, status and self-esteem.

Other types of valuable work in addition to employment include:

- Self-employment;
- working in a co-operative or community enterprise, and taking part in decisions about its operations and management;
- voluntary work, in non-business and non-government organisations - the "third sector"; and
- useful unpaid personal work, including managing the household, bringing up children, and doing things for relatives, friends and neighbours.

In my book Future Work I referred to work of these kinds as "ownwork". I see the transition from the age of employment to the age of ownwork as part of the transition from the modern to the post-modern era. Work - in the sense of socially useful activity which is important to the worker - will continue to be a central part of most people's lives. But we should expect a continuing move away from employment towards ownwork, blurring the boundary between self-chosen work and productive leisure, and perceived by some as a shift from "work" to "activity".

In terms of policy, this means a twin-track approach. We should continue looking for more effective policies to increase the supply of jobs. But we should also adopt policies that will reduce the demand for jobs by encouraging other forms of work as well. These policies should enable increasing numbers of people to organise useful paid and unpaid work for themselves - enable them to own their work. Society will then become less employer-centred and more people-centred than today's societies. Citizens will then be freer than in today's societies from dependency on employers and the state to provide them with jobs.

Against that background, then, the underlying theme of our approach to the future of work should be to encourage self-reliance. We need import-substitution policies at every level. At the national level these should help to reduce our dependence on imports, which we have to pay for by producing more exports to earn the necessary foreign exchange. Similarly at the levels of city, neighbourhood and household, policies are needed to enable many of us to become less vulnerably dependent on employers and suppliers of goods and services based elsewhere.

Two examples of policy approaches on these lines are to do with:

- taxes and welfare benefits, and
- local economic self-reliance

Taxes and Welfare Benefits.

The growing interest in environmental taxes or ecotaxes - taxes on the use of natural resources and on polluting activities - has a direct connection with the future of work. In this respect social and economic sustainability are closely linked to environmental sustainability. As the possibilities for introducing environmental taxes have been studied and discussed, it has become increasingly clear that environmental taxes should be balanced by the reduction and perhaps eventual removal of other taxes, including taxes on employment and income and enterprise.

The logic behind such a change is simple: it doesn't make sense to tax people on the value they add through useful work and enterprise, and fail to tax them on the value they subtract by using common resources and values. (By common resources and values I mean resources and values created by nature or society as a whole, and not by the work and skill and enterprise of the individuals or organisations that use them or own them. One example is the capacity of the environment to absorb pollution and waste; another is the site value of land.) So the proposal is that people and companies should pay society for using these common resources - "the polluter pays" in the case of pollution, and the landowner pays "rent" in the case of land.

However, there is an important problem with environmental taxes. If they fall directly on consumers, they hurt poor people relatively more than richer ones. We had a good example of this a year or two ago in Britain. Value Added Tax (VAT) was imposed on household energy. Quite naturally, there was a big political outcry against the regressive nature of the tax.. This problem is one that has to be solved.

One part of the solution will be to make sure that ecotaxes on consumers are accompanied by taxes that fall more heavily on rich people than on poor. The site-value land tax is a good example of this. The people who own valuable land are usually richer than people who don't. Another part of the solution is to use some of the revenue from the ecotaxes to reduce their net impact on poorer people. Studies in Switzerland and Germany have shown that, if the revenue from such a tax can be distributed to everyone in equal shares as an "ecobonus", the regressive effect of the tax can he offset. Apart from the fact that rich consumers tend to use more energy and resources than poor ones and will therefore pay more in tax, the ecobonuses will be relatively more valuable to poorer citizens, since receiving the same amount of money is worth relatively more to poor people than rich people.

I have suggested elsewhere that ecobonuses distributed to all citizens out of the revenue from a growing number of ecotaxes could eventually add up to a Citizen's Income, which every citizen would receive as a right of citizenship. I don't want to go into this in greater detail in this paper. But there are the makings here of a new package of policies, based on the following principles:

* people should pay society for the value of the common resources they use;
* all citizens should enjoy an equal share in the resulting public revenue; and
* people should not be taxed on the fruits of their work and skills and enterprise.

These principles could underpin a new social compact for the postmodern era, whereby basic economic rights would be more fairly shared among all citizens, while hard work and skill and enterprise would be fully rewarded.

So far as work is concerned, changes on these lines would reduce the present incentive to replace workers with energy-intensive and capital- intensive machinery. So they would make it easier for people to get jobs. By providing a basic income (the Citizen's Income), they would also make it easier for people to do useful unpaid work and to enjoy a livelihood without having to find full-time paid work.

Local Self-Reliance.

Another result of raising the cost of energy by taxing it will be to raise the cost of transport. This will make it more economically attractive to produce goods locally for local consumption. This will create additional opportunities for local work. Indeed, successful local development, social and economic, is likely to be crucial for the future of work. That has been recognised by the European Commission, for example in Directorate-General V's sponsorship of the recent TASC project on Territorial Action for Social Cohesion.

In my paper on "New Employment for Social Cohesion", written in November 1996 for the final TASC seminar, I emphasised the potential role of greater local economic self-reliance in creating a better future for work.

We need to accept, not only how important it will be to enable unemployed local people to use unused local resources to meet unmet local needs, but also how closely linked this is with sustainable development and the Local Agenda 21 initiatives now being pursued in many countries following the 1992 Earth Summit in Rio de Janeiro. Properly organised study is needed of the various possible ways in which localities could produce locally a larger proportion of the staples - such as food and energy - needed for local consumption, of possible ways in which local waste could be recycled locally for local re-use, and of other possible ways of using local work to provide useful local resources. Governments, national and local, will need to encourage the development of new local economic institutions, such as local development banks and credit unions - and Local Exchange Trading Systems (LET systems) providing their members with a new medium of exchange, parallel with and separate from the normal currency, to enable them to trade goods and services with one another. This is an area in which experience and information has built up rapidly in the past few years in European countries - and in USA, Canada, Australia and New Zealand.

Men's Work and Women's Work

In pre-industrial peasant societies men and women worked around the home and neighbourhood, and shared the tasks that had to be done there. As modern societies developed, the split between men's work and women's work became wider. Men began to take on most of the paid work. This was mostly work done away from the home, for employers to whom the workers sold their working time. It was work done for the employer's profit, or to achieve the employer's goals and concerns, not the concerns of the person doing the work. As time passed, men's paid work acquired higher status than the unpaid work of women in and around the home and neighbourhood.

Looking at this objectively now, it seems strange that in industrial societies the crucial people-centred work that women have traditionally done - giving birth to children, looking after them and bringing them up while they are young, caring for other family members, managing the household, and providing most of the "social glue" that makes their neighbourhoods into communities - came to be seen as having lower status than the more impersonal work of men, shuffling things around in factories, shuffling paper around in offices, and shuffling ideas around in places like universities and research institutes.

Of course the past half-century or more has seen in most countries, though not all, the growth of greater equality between men and women. So women now enjoy more equal opportunities to co-operate and compete with men in the work of the paid (or formal) economy. But women are still expected to take a much greater share of responsibility for the unpaid work of the household and family. This means they can often give less time and energy and commitment than men to the paid work of the formal economy, and so they continue to be at a career disadvantage there. It also means that the essential work of home and family and neighbourhood continues to be regarded as less important than the paid work people do for employers.

Conventional economists don't consider the household to be a "workplace", although a great deal of essential work is done there. Conventional economists don't consider the people doing that work to be "economically active" - not even members of the "workforce". Conventional economists consider people doing that kind of work in the informal economy as the "economic dependents" of people working in the formal economy. They forget that people's availability for paid work in the formal economy is dependent on the unpaid basic work of survival and subsistence which is done to keep the household and family going. The point is that, because conventional economists are able to count what happens in the formal economy - the amount of production, the amount of profit, the rate of economic growth, the number of jobs, the revenue from taxes, and so on - they regard it as real; whereas, since they cannot count what happens in the informal sector, they assume it does not exist. If they can't count it, it doesn't count.

This brings us back again to the question of money and people's dependence on it. A Citizen's Income, as part of the package of changes in taxes and benefits I discussed earlier, would encourage more people - men, as well as women - to undertake the unpaid work involved in good parenting and good household management. That is one specific proposal. But in what other ways could we make it easier for more people to do the essential unpaid work on which our societies depend for their survival now and for their healthy and sustainable future development?

Technologies

In order to enable more people to work for themselves in socially and environmentally sustainable ways, technologies need to be developed and disseminated which are empowering and conserving, i.e. which can be used on a human scale by people in their households and neighbourhoods, and on a local scale, to provide necessities of life such as fuel and power. "Soft" energy technologies - including especially technologies contributing to energy efficiency and conservation, and to small-scale renewable energy supply - are among the most important. Other examples include food technologies - for domestic cooking and small-scale organic farming and horticulture. Others include technologies for maintaining, repairing, reconditioning and recycling equipments that might otherwise be thrown away and replaced; and information and communication technologies which can be used by individuals and local communities for their own purposes.

Education

A big change in education policy should aim to equip children, young people and adults to lead self-reliant and conserving lives - develop the practical skills they need to manage their own work, their household and family, their money, their health, and their leisure. Education should cease to be mainly about skilling people to work for employers. It should encourage people to acquire the confidence and aptitudes to think independently about what kind of life and society they want for themselves and their children, and to learn what other people in other parts of the world are thinking. Everyone needs to learn the personal and interpersonal skills to live and work with one another, in the kind of society which gives everyone maximum freedom so long as they do not use it to diminish the freedom of others.

Good Work and Bad Work

This means we cannot ignore the philosophical, or even theological questions that should underlie our approach to the future of work. Is work a good thing or a bad thing? Is it a blessing - a form of prayer to God, as one Christian teaching tells us? Or is work a curse - laid on the human race following the expulsion of Adam and Eve from the Garden of Eden, as another Christian teaching tells us? The answer is that work can be good or bad, depending on what kind of work it is.

So what is good work? Good work is work which we do for ourselves, our families and our societies, because it is valuable work and we believe it to be worth doing. In a self-reliant and conserving society it will increasingly be seen as work that provides ourselves and other people with the necessities of life, enables us and them to develop our human skills and capacities, and blessings of Nature. Bad work will be work that we do under duress, because we have to, not because it is valuable in itself but because it serves the interests of employers and other people on whom we are forced to depend for our livelihoods and survival. Bad work will be seen to include the kinds of work that damage our own and other people's health and capacities for self-reliance and self-development, or damage the natural environment.

We should increasingly perceive the right to do good work as a central part of the right to be responsible. And we should increasingly perceive the right to be responsible as a central human right.

JAMES ROBERTSON:
BIOGRAPHICAL NOTE

James Robertson studied history, philosophy and classics at Oxford. In the 1950s and 1960s he worked as a British government policy-maker - first on decolonisation and development, accompanying Prime Minister Harold Macmillan on his "Wind of Change" tour of Africa in 1960; then in the Cabinet Office. Then, after three years in management consultancy and systems analysis, he set up and led an inter-bank research organisation for the British banks. Between 1965 and 1973 he took part in enquiries into British government, civil service and parliament, and London's future as a financial centre.

Since 1973 he has worked independently as a writer and adviser on alternative futures and economic and social change. He has lectured in many countries on the need and scope for a post-modern transition to socially equitable and ecologically sustainable development.

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 Creditor*, please contact the Editor directly:

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Books by Major C.H. Douglas

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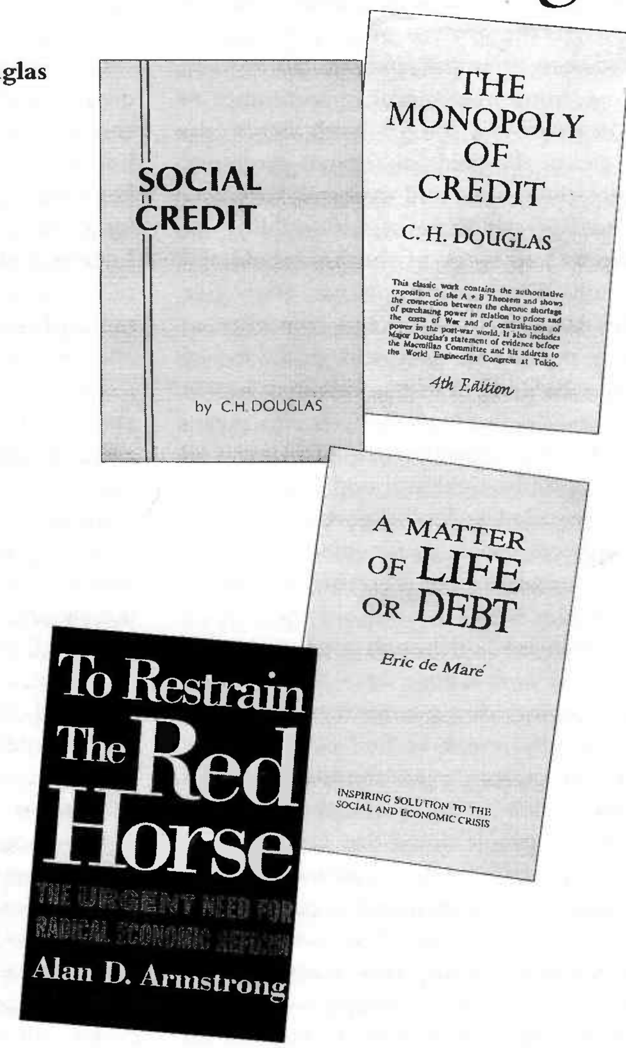
Credit Power and Democracy
The Control and Distribution of Production



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A Matter of Life or Debt

Alan D. Armstrong
*To Restrain the Red Horse**
The Urgent Need for Radical Economic Reform (1996)

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