



## Politicising The New Realities

Governments throughout the industrialised world – irrespective of their political hue – are unable to resolve the debt-fuelled financial crisis. Cuts in public expenditure – howsoever painful – may offer some temporary relief, but will not be viable for the longer term.

This is because banks and other financial institutions will eventually and inevitably repeat all the old mistakes of the past, and hence a hopeless debt situation will reoccur through inescapable circumstances. This will not be primarily due to “greed,” or be accountable to the “natural evolutionary progress” of financial services or methods, but due to other powerful economic forces of which governments are either unaware or choose to turn a blind eye.

Governments worldwide are trapped within the traditions of the past, and politicians are unable to transcend the fixed mindset of their training, or their customary practices, or the opposing vested interests with which they are obliged to cooperate or befriend.

Equally significant is the fact that democracy as *presently constituted*, is being eroded and might actually self-destruct. This is because the connecting link between rulers and ruled, i.e., the party system and its ideological adhesive, and the motivations of the different parties in implementing people power, is breaking down. This is made most evident through the collapse of party memberships, the decline in numbers of those prepared to vote, and the increasing alienation of the majority from the political system.

This is most significantly reflected through the increasing meaninglessness of the left/right ideological divide as we find it today. The more far-seeing politicians, of both left and right, recognise this factor, but are nonetheless trapped by the traditions of the past, or by the call of what they understand as their “basic loyalties.” Their response to this difficult situation has been the resort to pragmatism, mixed inevitably with a fair degree of pretence and hypocrisy.

These problems have arisen through the transformation of society and the world of work over the past 60 years. Meanwhile political thinking has lagged behind and now fails to meet the realities of the 21<sup>st</sup> century. For well over 100 or 150 years (one may arguably take the dates from 1789 or 1848) the left/right divide may have been defined as the rationale for the successful resolution of politico-economic and class differences in the progress towards a more just, free, and equitable society.

Today that situation no longer pertains. The left/right divide, together with all its ideological baggage, as a mechanism towards a better society is now futile and counterproductive. If it remains at all, it is as a political mischief and as a distraction from the *real* and underlying new problems which should be addressed today, but tend to be sidelined by politicians of every party. The implications of this need urgently to be addressed by the media, if only for the reason of highlighting the paradox that serious political discussion is almost unthinkable without resorting to the hoary old myths of the left/right conflict.

The greatest issues facing the world today, at least in the advanced economies, transcend class-based politics. The problems of student debt, property inflation values, the pensions' crisis, and obviously threats to the environment, touch every level of society apart from that 3% super-rich at the apex of society. If all are not equally affected, all are significantly affected to the degree that they are confronted by economic injustice. Of course any issue may be stretched to fit a class-based or Marxist interpretation, but because of the sociological transformation of society, such a perspective has demonstrated that this only leads to the compounding rather than the resolution of social ills.

And this brings us closer, step-by-step, to the question of the debt-fuelled financial crisis and how it may be resolved. But first we need to glance at society with its new structure, and new values, and potentially new relationship with the financial-industrial system. Up until 20 years after the end of the Second World War, Britain and other advanced industrial societies may be said to have been economically class-based, and to have smoothly resolved their differences through the democratic parliamentary system. The differences between the middle and working classes were not merely economic but also cultural and visible, and all these factors gave rise to grievance.

Contemporary society bears few resemblances to that of 60 years ago. The democratic process, with socialism or social-democracy at the forefront, won victory after victory, and all these changes, it should be noted, were not merely accepted but usually furthered by those across the entire spectrum of political life. And in this way a general consensus was achieved in re-defining the acceptable standards for a just, free, and egalitarian society, not only in the eyes of the general population but also in those of the opposing parties themselves.

Therefore, as a consequences of the democratic process and legislation, and most significantly of all, through a reasonably benign capitalistic system in dramatically raising the living standards of the majority, we now live in a society which is not pyramid-formed as in the past, with its many layers of economic differentiation and privilege, but in an egg-shaped society laid on its thicker end. The majority today does not comprise a vast proletariat, but a huge middle-middle majority, with a relatively small underclass and a super-rich at the apex.

Of course there have been blips in this path towards desirable progress, e.g., the occurrence of Thatcherite-Reagan economics, and Neo-liberalism and its off-shoots, but these forces emerged rather through corporate financial power

than the comprehending vote of electors, and in every instance they have exacerbated rather than resolved the underlying economic woes of the majority. They can only be interpreted as political perversions since they hurried-on the day when the debt-fuelled economy was to reach crisis point.

The new middle-middle majority comprises a mix of those from every sector of the old class system, but its values are far different from those of the old classes for a wide variety of reasons. Because we now live in a highly technological society, it is necessarily well-educated in specific areas; and because it is consumerist and experiences a high standard of living, it enjoys the benefits and burdens of property and other responsibilities to a greater degree than its forebears; and because the rising generation must fulfil their own best abilities and inclinations in such a technologically diverse society, as opposed to slavishly following in the footsteps of parents, the need for individualism far outweighs the need for collectivism.

The middle-middle majority presents the immediate impression of “classlessness,” partly because of its heterogeneity, but also because of its necessary tolerance towards difference and relative freedom from class consciousness. It does not see itself as in economic enmity with other groups in society, and neither is it concerned with safeguarding status in the sense of the old middle class, or even the old working class in excluding outsiders from employment in traditional trades. The middle-middle majority does indeed have specific economic interests (which alone are the proper defining interests of class), but as yet it is hardly aware of these, and hence it awaits the wakening of its political consciousness.

The political struggles of the past have circulated around the ideas of *privatisation* and *public ownership*, but both of these concepts have always been abstract, and ideologically they have never matched the hopes and realities of the real world. Privatisation was always projected as promoting the rights of private property and private business, and the freedom to be derived from free choice and competition, but it was never any of these things. The term itself is Orwellian Newspeak, for contrary to anything associated with the term “private,” it entails the corporate power of usually public companies working in conjunction with the freedom of investors to maximise their profits through stock exchange activity.

Public ownership was never ownership by the people (as the term suggests), but control by a remote bureaucratic elite – and this is irrespective of whether we refer to post-1945 Britain or to the crude dictatorship of Stalinist Russia. “Public ownership” was always a lie simply because ownership is meaningless if not complemented also by the control of those assumed to be the owners.

After the experiences and political conflicts and economic failures of 60 years, both the *private* and *public* systems of managing an economy are found to be far from satisfactory in fulfilling the expectations of the majority. In the clash

of debate between the two systems, one way or the other, it was always assumed that if one was wrong then the other must be right. This assumption arose through the belief that there was no other alternative. This may have been true until the close of the 20<sup>th</sup> century, but now another situation has arisen offering a third option, and we awake to a new world, the transforming potential of which the majority are still unaware.

The debt-fuelled financial crisis is traceable, of course, to a system of which privatisation is a part. Meanwhile, the un-workability of public ownership as a generalised system is no longer a subject for discussion. It is even discredited amongst the remaining Communist world (where any sanity still remains) – Cuba being the latest to repudiate its practicability.

The middle-middle majority is fortunate to find itself in a situation which no society in previous history has experienced. This stems from its greatly enhanced knowledge base in managing most aspects of society and the nation state. The differentiation of skills between higher and lower technical grades has been considerably diminished through the increased complexity of technology, and this has raised the status and salary levels of those on the lower grades. Only the declining proportion comprising the unskilled and the underclass are excluded from these benefits.

The emerging pattern of relative egalitarianism amongst this new majority also means that its anxieties and economic pressures tend to be reflected across the entire spectrum of society, and so do not easily lend themselves as class-based issues since they are almost universal. Furthermore, since the middle-middle majority comprise 90+% of the population, it cannot reasonably perceive itself as a class discriminated against or oppressed by an opposing economic group. Whilst the underclass may be set at 7%, the super-rich comprise 3%, and these proportions are insufficient as representative economic groups for any workable democratic system. The middle-middle majority can therefore only perceive itself as oppressed by an impersonal malign economic system. Hence whilst it is free of old-style class resentments, it is instead angered by the incompetence of government and the corruption and greed of financial moguls who seemingly abuse the economic system.

The natural response of this majority is not therefore to seek out a revolutionary ideology, as at the start of the industrial age, or to put their trust in some other kind of demagogue, as might have occurred in most epochs of history, but rather to analyse the causes of their anxieties, and seek out power for themselves. Their immediate psychological response would not be one of “collectivism” or “solidarity,” because these characteristics are not attuned to any aspect of their lives, and so instead they would turn to cooperation calling for more individualistic styles of settling their discontents.

Knowledge is power – and always has been – and the instinctive consciousness of this endues the new majority with both a quiet self-confidence and determination to work for change. An unremitting search into the abuses of

financial power, and other discontents, as threats to the environment, etc., would be followed by an outpouring of inventiveness and applied intelligence in the practical resolution of problems as soon as timely circumstances occur.

The above, of course, are no more than predictions based on a descriptive analysis of the political potential of this new middle-middle majority. As yet it remains a sleeping giant – dormant and politically unaware – or else fragmented into a thousand varying opinions as to the way ahead. In any event, in *practical* terms at the present time it comprises a population sector of little or no political significance. The question, then, is how to awaken its political consciousness to the realities of our time.

The answer is only to be found through politicising those issues which currently are beyond the radar screen of political life, viz., the financial-industrial system, so that the latter might more effectively serve majority needs. A century before our own time, of course, the socialist parties of the left had all the answers to the problems of capitalism. Subsequently, however, through experimentation and failure, they stumbled into an era of confusion, until eventually they became contented with allowing the capitalist system to freely operate as it would whilst they resigned themselves to occasional piecemeal reforms at the edges.

Democracy was unable to resolve the left/right struggle between privatisation and public ownership, and whilst the final collapse of the latter may be dated from 1989, the commencing break-up of the former may be dated from 2008. The threat now facing the advanced industrial world is not only the collapse of democracy as it descends into aimlessness or chaos, but the prospect of descent into the great unknown as markets and financial systems fail worldwide. A new basis for democratic representation and the clash of ideas will anyway need to be found.

The great alternative to privatisation and public ownership, both of which are managed on a day-to-day basis by unaccountable elites, is the *personalisation* of property, which proclaims ownership as a human right in promoting the best interests of the individual irrespective of his or her background. This is achieved – and is being achieved – through a variety of measures linking ownership with actual control, e.g., co-determination and employee share ownership, changes to company law, increasing the ownership class through the division of land or business property whenever practicable or when it contributes to greater efficiency or competition, or if not practicable (e.g., heavy industry) the possibility of converting such enterprises into productive cooperatives.

Increasing the ownership base of the community would entail reversing the policy of gigantism – a policy embraced in equal measure by Soviet Communism and American Rentier capitalism, both of which polarise wealth, and inevitably, political power. The personalisation of property would not only promote all aspects of a democratic society, but also complement the needs of a highly educated and intelligent society, as well as acting as a safeguard against monopoly power and the more sinister forms of financial corruption.

The personalisation of property, however, would only be the first step towards transforming the financial-industrial system. If the rationale of business (or Rentier capitalism) is to be changed from maximising the profits of investors to the Productive capitalism of serving the needs of the majority, then the financing of industrial investment also has to undergo a change. And here we can fall back on the successful experience of the Productive capitalism of the Continental and Far East Tigers, especially during that 40-year period following the Second World War. This calls for the establishment of industrial investment credit banks of various kinds, modelled predominantly on German and Japanese examples, and discreet stock exchange activity closely linked to banks based on the Swiss model.

The above in conjunction with dirigiste policies, i.e., state monitoring or intervention into the private business sector in ensuring appropriate exchange rates, a strict control of the money supply, desirable patterns of foreign trade, and a generally sound economy, would achieve a successful and free Productive capitalism. And most significantly of all, as demonstrated by 60 years of post-War experience, the establishment of Productive capitalism would achieve a more just and egalitarian society through an economic system which more equally distributes tangibles and services – as well as financial resources – as opposed to Rentier (or in Michel Albert's terminology, Neo-American) capitalism, which polarises wealth, ownership patterns, and rich and poor in the community.

Hence Social Capitalism differentiates between Social and Unsocial modes of wealth creation and explains how these occur. It not only presents a desirable economic pattern for the future in resolving present ills, but the foundations for a socially ethical society in promoting justice, freedom, and equity in equal measure.

It is these political principles which are addressed to the new middle-middle majority, in awakening them to a political consciousness for the struggles which lie ahead for a better world. The 3-volume work, *Social Capitalism in Theory and Practice*, does not purport to present ideas or practical measures all of which are necessarily set in stone – for such a task would be beyond human endeavour – but it does purport to present the key for unlocking the secret knowledge of financial power, and all the privilege and power of a small elite, and the injustice and inequity to which this leads.

The transferring of this financial power to the informed majority could not have been achieved in any earlier epoch. Society needed to evolve to its present situation as an advanced highly-skilled technological economy. The passing of this once hidden knowledge to the majority as a benefit may be compared to Prometheus' gift of fire for the common use of humankind.

Meanwhile, the urgency for governments today to address the debt-fuelled financial crisis from a realistic perspective, and in responding to the unanswered

problem raised in the second paragraph of this article, is that the collapse in the productivity of tangibles is overwhelmingly by far the most significant cause for all the skulduggery entailed in the irresponsible lending of banks and other institutions. The problem stems from the most basic economic law of all: no nation state can survive on absurd imbalances of trade entailing unprecedented imports of finished goods. In the longer term they can neither be paid for with coin nor invisible services.

No country in the contemporary world has a permanent monopoly in any sphere of industry or skills. In particular, the financial services of the City of London or New York may some day disappear overnight, for the simple reason that it is most appropriate and convenient that international financial services should be placed where tangible productivity is greatest and where exports thrive. This uncomfortable but unspeakable truth is sensed by most intelligent and far-seeing financiers in both America and Britain, and in desperation, they are forced to design and promote increasingly usurious financial products to prevent their drowning in a sea of debt. Hence our present troubles are derived from piling debt on debt - in a drug-addicted-like process - in futile exasperation to maintain national solvency.

The need for the productivity of tangibles, or in other words, the need for self-subsistent economies, will be the great leveller of the future in awarding peoples worldwide with higher standards of living. As each individual in a free society will need to take on greater self-responsibility for his or her well-being, so each nation state in a free world will need to take on greater responsibility for feeding, clothing, and supplying consumables to its own people from its own internal resources, as well as attending to such demographic issues as population control and the health of the environment. All these are issues which reflect back on the soundness of the financial-industrial system.

The primary value of the 3-volume work on *Social Capitalism* is in identifying the major faults of our financial-industrial system through politicising issues which have never been raised before, and in stimulating essential discussion on a wide range of interconnected topics. If a set of coherent political principles are to be formulated in addressing the ills of the present age within a democratic framework, then this can only be achieved successfully by initiating a dialogue in inducing deeper understanding amongst ordinary thinking people, and certainly not by simply proclaiming a body of dogma as self-evident truth.

This is because the alpha and omega of democracy is that power or authority in the community should be traceable ultimately to the assent of the unknown or unmarked individual of goodwill and sound mind, and not to the vested interests of any particular group. In the practical "as is" world of contemporary political life, Social Capitalists would need to work within all political parties, in accordance with personal inclination, as well as outside the established system. There would be little to be gained by founding a new political block, so arousing new causes for conflict when there need be none, for the

existing parties will nonetheless continue to exist, even if internal forces will transform them out of all previous recognition.

Social Capitalism may quietly pursue its task in bringing political activists of all persuasions towards a common mindset. In formulating practical solutions based on proven experience, and presenting these within a consistent general theory, Social Capitalism will not only succeed in consigning the ideologies of the past to the dustbin of history, but more significantly, demonstrate the irrelevance of the left/right conflictual divide. Only by turning our backs on the latter can we hope for a harmonious world of universal humanity.

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