

Conservation Society

Monograph
(Tow)

Towards the Creation of a Sustainable Economy

Margaret Laws Smith

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The Conservation Society

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The Conservation Society is a
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for the limitation of population, for policies
based on a recognition of the finite extent
of non-renewable and other natural
resources, and for the reversal of those
attitudes of mind which are at present
leading to deterioration of the environment
whether by pollution, degradation, or in
any other manner.

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Foreword

by John Davoll
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The economic and political events of the last year or two have been traumatic in themselves, but the reaction to them in this and other developed countries has been far more disquieting. Instead of a mood of national cohesion and a determination to understand and meet the challenge, we have experienced a sense of division, a general malaise, and a decreasing confidence in the ability of democratic institutions to deal with a new and difficult situation.

Immediate concern has been focussed on the check to economic growth, for which the quadrupling of oil prices and the rise in the world prices of food and many raw materials is usually held to be a major cause. This has led to the emergence of sharp social stresses previously alleviated by the prospect of general growth, whilst attempts to meet the demands of the more powerful social groups are contributing to worsening inflation.

It is possible that a frank admission by the Government that inevitable increases in world population and demand have changed this country's prospects for the foreseeable future might have led to a constructive response and a desire to seize new opportunities. In the event, the reverse has occurred; the deficit on oil imports is being allowed to run at some £3 000 millions a year with no serious attempt to reduce consumption, apparently on the dubious assumption that within ten years North Sea oil will begin to pay off our debts and inaugurate a new era of prosperity. Similarly, continuing loss of agricultural land to development is permitted, since it is held that we shall easily be able to buy food on world markets from the proceeds of our export trade; all recent trends make this doubtful, to say the least.

Experience suggests that members of the public have a shrewder understanding of

these dangers than the experts, and a sense that the Government is being less than frank about the country's real situation is bound to undermine general confidence.

It has been a central tenet of Conservation Society policy that an economy based on continuous material growth cannot persist without destroying the environment, so sacrificing not only many of the good things of life that do not easily reduce to a cash value, but even the basis for its own continued existence.

We have recognized that, even so, the necessary changes will not easily be achieved, least of all as long as the existing system appears to be functioning tolerably well. Even when obvious signs of trouble develop, constructive change is unlikely without evidence that the proposed new arrangements will *work*, and here we seem to be in an impasse: governments are unwilling to undertake the complex studies needed, because they believe that they would not be welcomed by the electorate, whilst the electorate itself prefers to cling to the remains of the old order in the absence of any clearly delineated alternative.

It may seem absurd, and doubtless is, that the setting out of alternative future patterns of society from which deliberate choices might be made must be left to voluntary bodies. Nevertheless, this is what we were explicitly told by senior officials at the Department of Energy, and Margaret Laws Smith's paper is offered as a step in this direction.

All such attempts are liable to a number of pitfalls, not least that of proposing Utopian solutions without indicating either the mechanisms or the motivations that will move society along the path from here to there. I believe that Mrs Smith, who is a qualified economist and has thought and written extensively (in *Towards Survival*) on the economics of a sustainable society, avoids this trap. In particular, at least some of the measures proposed would begin to deal directly

with existing problems as well as serving as the first steps towards a more radical re-ordering of society. However, the paper makes no claim to provide a detailed prescription for dealing with all eventualities; this would be both premature and far beyond the scope of a paper of this length.

Its main aim is to stimulate discussion of matters which are often not considered at all by indicating the key changes which the author believes to be necessary if our present society is to change to a better one, rather than collapse into anarchy or dictatorship. I hope that those who accept the arguments put forward as broadly correct will join in constructive debate on the means to be employed; and that those who do not will consider what better options are available for this country twenty years hence in a world containing two billion more people, more desperate for food and raw materials even than now.

'The critical question is whether the innovations enforced by such emergencies are seen as the defence of an existing order or as the creation of a new one. Viewed in the first light they will fail and induce the sour desperation always associated with vain efforts to stem the flood of degenerative change. There is, however, the possibility that they may come to be viewed as innovative change and may induce the collective confidence of another age of greatness.' (Geoffrey Vickers, *Freedom in a Rocking Boat: Changing Values in an Unstable Society*. Allen Lane, the Penguin Press, 1970)

1 Introduction

The oil crisis which threatened at the end of 1973 produced anxiety. Following this came much information about the supplies of North Sea oil which will be available within the next half century. I think that the nation has over reacted to the vision of a brief future plenty which has been invoked. There is a widespread feeling that in about ten years time we shall have abundance of energy. Although it is known that plenty, if it comes, cannot last long, it has led to a mood dominated by the feeling that everything is all right or going to be all right. The result has been a diminution of concern for national and human survival. This anticipation of future plenty has blocked the view of any future longer than about fifty years. When people do think beyond this time it is to glimpse disasters with which they do not wish to be concerned and they hurriedly withdraw their mental eye from the more distant view to concentrate on the middle distance when the oil begins to flow.

The Labour Government inherited from the Conservatives an unbalanced budget, which was part of the latter's attempt to stimulate investment by increasing consumption. This, together with the rise in the volume of imports, the rise in oil prices, and high rises in the prices of some foods and raw materials has created a tremendous import surplus which is being financed by borrowing from abroad. Foreign loans are easy to arrange because the oil exporters have an export surplus which they wish to lend and not spend. Economists and politicians, whether Labour or Conservative, are accepting this as a natural way of economic life, and the general assumption seems to be that it is satisfactory to borrow now because we shall be able to create an export surplus out of which the loans can easily be repaid when North Sea oil flows in spate.

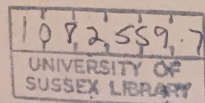
There may be some grounds for considering that to borrow now to repay later is sound business if we assume, as seems likely, that energy prices are going to rise and rise, so that a ton of oil in

thirty years' time will sell for a price which will far more than repay what we must borrow to buy a ton of oil today.

There is a short-sighted economic wisdom about this reasoning, but it assumes that all resources ultimately to become available actually belong to us now. If we mortgage future supplies of fuel to pay for our present imports, we as a nation are in fact using them up now just as much as if we were actually burning the oil which is still under the North Sea. We are leaving it to people in the future to work to obtain the oil with which to pay off bills we are incurring for our present consumption.

Food import prices have been rising and with the prospective increase in world population it seems certain that the overall tendency will be for them to continue to rise, although there may be temporary falls from sudden peaks, so that this rise must be balanced against the probable increase in the prices which we may get for any oil that we shall be able to export.

Our present policy is not only one of placing a burden on the future to pay for our present consumption, but we are putting our whole future as an independent nation at risk. The assumption that we shall be able to repay present borrowing is not founded on any careful assessment. As a nation we may find ourselves compelled to accept directions from an international group of creditors as to how we use oil reserves, and may have to submit to their exploitation and sell at lower prices than we should be able to have obtained if we were in a position to bargain freely. This further raises the question of our prospective military independence. We lay ourselves open to military domination which can be exercised forcibly by threat even though it falls short of actual war, which will prevent us using our fuel supplies in the future as we wish to use them. We have to remember that we have only seen a very small beginning, and a very faint forecast last year, of the international struggles and tensions that



are going to build up over the use of the world's fossil fuels in the future.

Therefore practical wisdom must reinforce our sense of conservationist morality which says that it is morally wrong to ignore future needs in favour of present ease. Together, practical wisdom and morality demand a national policy of conservation of our chief resources which should impose restraints on present use in order to conserve supplies for the future.

2 The conservation of fuel and other resources as the basis of economic policy

Therefore it appears to me that the essential parts of a national conservation policy at the present moment are:

1 a policy of restraint in the present use of fossil fuels;

2 a policy on the restraint of the use of green land for any purpose except agriculture;

3 restraint on the use of steel and other scarce metals for current purposes, though perhaps this is not so urgent;

4 a balanced national budget and restriction of imports to the total which can be paid for out of current resources.

Only the fourth of these is directly a matter of economic regulation, as the words are generally understood, but the other three will provide the framework within which every economic decision in the community must be made. To make actual proposals for regulation of the use of fuel, metals, and the land seems to be the work so far as The Conservation Society is concerned of special working parties, like the Energy Working Party, but since the purpose of an economic policy must be to propose an economic structure in which those regulations could be made effective, it is necessary to suggest something as to the lines which it seems they should take.

Fossil fuels

All I am in a position to say is that there should be restraint on present use. The amount of restraint and actual proposals as to the amounts to be used year by year or decade by decade must depend on specialized knowledge. Failing that, the best suggestion is probably to propose a percentage decrease on present consumption for a certain number of years, and then reconsideration.

The method of restraint I suggest should be chiefly that of raising prices, using the prohibition of the use of fuel for certain purposes as a supplementary measure for proposed new uses. Restraint by raising prices should be aimed at encouraging economies in the use of fuel with existing apparatus, at the design of apparatus which would use fuel more effectively, and by cutting down its use absolutely for certain purposes. It would involve a system of differential charging according to purpose. It would involve a reversal of the present differential charges for the domestic use of electricity. The first units, used for light, some cooking and basic heating which are now the dearest should be cheapest, to keep them within the reach of all, and later units progressively dearer to discourage less urgent and important uses.

Steel

Perhaps there should be differential charging in favour of maintenance of existing equipment and against the development of new equipment, which would make existing but still usable equipment obsolete, unless it could be shown that resulting economies in the use of fuel or scarce materials justified it.

Land

Restriction on the use of green land for building must raise the value of all existing spoiled and built upon land. The objectives should be the maximum efforts to reclaim derelict land.

3 The objectives of an economic policy for conservation

Restraints on the use of fuel, land, and resources are not purely ends in themselves. We want restraint now because the rate of development of technology threatens to exhaust them so rapidly that it will bring disaster on mankind. None of us really wants a world without man, empty of man 'with just a hare sitting up' as D H Lawrence put it. We want to control resources so that we may control our own development and attain an ecological balance with the earth and other forms of life upon it.

We favour restraint in order to conserve the knowledge and basic benefits of technology for future generations, and also to conserve all the social benefits and achievements which the development of technological society has brought in its train, while gradually eliminating the damage which it has done to the earth and to what a great many of us feel to be our essential humanity.

4 The working of the present economic system

At present the total numbers employed, the total output of goods, and the total income of the whole society and hence its total demand, depend on independent decisions about investment made by private firms, companies, large corporations like ICI, and national organizations like the Coal Board and the Post Office. Their decisions generate the largest part of the incomes of our whole society. In addition there are the incomes generated by central and local government employment, and the incomes provided in the form of social security. At present the two latter depend on the rates of taxation, and the rates of taxation depend on government estimates of the degree of prosperity of the country resulting from the first group of independent decisions about investment. The effect of restraints on the use of fuel, etc suggested above will be to reduce investment by independent decisions,

reduce employment, raise unemployment, and at the same time reduce the yield of taxes at a given rate and thus reduce government expenditure, while at the same time raising rates of taxation to some extent. These are all the ingredients of a slump, and as we want continued restraint we should expect a prolonged slump, unless we can alter the dependence of our whole economy upon the cumulative effect of separate and independent decisions on investment by those who make them at present.

We have to cut the link between total employment and the estimated profitability of current investment. We need to ensure that so long as our population continues to rise the new generation is drawn into productive and useful employment as it becomes available, and that the structure of the social services on which everyone depends more and more is maintained at a steady level relative to the size of the population. Rising prices of fuel and machinery may make the mass production of some goods no longer economic. Therefore instead of making the men who are no longer required to make and run this machinery useless and depriving them of employment and self respect, we need measures by which they are drawn into employment to produce goods by methods using less energy and resources which are scarce, and to improve the environment and create social amenities.

Finally we need to ensure provision for research into the use of resources, and that the development of science which promises to bring us far greater self knowledge than we have yet attained is continued on a greater scale than before, and is not checked by a slump in investment which diminishes the yield of taxes.

5 The establishment of a framework of stable demand

To cut the link between total employment and investment I suggest that:

1 The Government accepts responsibility on behalf of society for ensuring total employment, providing jobs directly for those for whom no work is forthcoming in other ways. This does not mean that we want or accept the idea of a centralized state direction of labour. The work of initiating and organizing employment should devolve on institutions organized in a variety of ways according to the type of work to be done.

2 The Government accepts the responsibility for maintaining the level of social services provided by itself and local authorities irrespective of the taxable level of independently generated incomes.

3 With the provision of employment for all the aim should be to stabilize the level of total incomes and total demand. This requires:

a That the rates and levels of all remuneration and incomes remain fixed and do not rise and fall with demand;

b Therefore if all available for work are to be maintained in employment at given rates it follows that the supply of money must be so regulated that only sufficient is made available by the Treasury and banking system as is necessary for this purpose.

If more is available it will lead to competition for labour and resources at higher rates, and the policy of restraint will be defeated.

But we must expect reduction in output of some goods if there are restraints on the use of resources, and if total incomes are stabilized the price of these goods must rise.

The adoption of a policy of restraint on growth would only be possible if everyone recognizes that this will happen and is prepared to accept such price rises, depending largely on agreements about relative incomes (see below, section 6) to spread cuts in consumption equitably.

c This requires that the national budget is kept balanced and that we do not incur an adverse balance on our external balance of payments.

When I say 'stabilize' the level of total incomes I do not mean keep it rigidly fixed. I think we must allow for an expansion of the total to allow for any natural increase in population to be drawn into employment at given rates. The given or fixed rates of remuneration must allow for some movement for promotion and seniority. If there is an increase in the total numbers joining the labour force in youth more people will move up to achieve senior grading. We must also allow for some movement from the lower incomes of those unemployed to higher incomes as they become employed. There will always be some movement in and out of jobs with spells of unemployment between them.

Stabilizing the total income and demand would abolish the inflationary stimulus to increase production which comes from increased profits, which always must occur when there is an increased demand resulting from an increase in the supply of money. This would make restrictions resulting from restraints on investment from the overall restraints on the use of energy, steel, and land far more easily accepted.

6 Fixed wage rates. Wages negotiation and an incomes policy

If wages and salaries are to be kept fixed in terms of money some method of determining the relatively fair rates of pay between people in different jobs, different industries, and different occupations is required.

If total incomes are to be stabilized some groups can only get more if others are to get less, and the determination of what is right and fair in this new situation can only be achieved by negotiation between different groups. The maintenance of a free society is not consistent with the imposition of any control of relative

earnings by the government, and enforcement by Act of Parliament.

In recent years with a rising money supply and expanding demand relative rates of remuneration are determined by unilateral action. Any group that thinks itself in a good position to get a rise by threatening a strike or organizing a strike goes ahead and usually succeeds. Then other groups who feel themselves falling behind very badly relative to those who have recently won increases are themselves forced to strike to maintain their relative positions.

The proposal often made that representatives of all groups of wage and salary earners should meet to determine what rates would be regarded as relatively fair between them all, and that all employers should maintain those rates, is repudiated. 'Incomes Policy' has become a dirty expression.

The trade unions from their own point of view feel justified in repudiating it in an inflationary/expansionist/growth situation, because if they are to maintain the share or increase the share of their members in the total product of society, they must be free to strike when they see that they have a strategic advantage in doing so. Then when those in the most advantageous positions on the wages front have secured a rise those following push through the gap the first have forged.

We are living with this industrial situation at present because new money is available when necessary to finance the increased wages. If the monetary supply is to be stabilized this method of maintaining relative earnings becomes impossible, and some process of negotiation and discussion for the determination of relative rates becomes necessary. We might call it a wages parliament.

In recent years social security payments for wives and children of strikers plus other benefits of the welfare state have made strikes fairly painless and easy, and

have made it possible for groups of workers to take advantage of any increase in the demand for their labour to obtain a rise.

The present welfare and security arrangements are part of the fabric of our civilized life and it is essential that we should preserve them in a period of restraint on total production, and thus we have to accept the fact that it enables any group wanting to fight the rest by withholding their labour to do so with the minimum of privation and inconvenience to themselves.

We must also realize that in a situation of world shortages of energy and food, we are absolutely dependent on home supplies to maintain our society and our civilized order, and any large group in control of basic essential sources of supply – miners, electricians, steel workers, transport workers, or dairymen – can stand out and fight the rest effectively if they are disposed to do so. They will be in a strong position apart from the advantages which full employment and social security payments give them.

Therefore, although the abolition of monetary inflation and growth would remove some of the advantageous attacking positions on the wages front, the stabilized society is going to give sectional groups other bargaining advantages. The basis for attack on the profits of the firm may decrease, but the grounds for a successful attack on society will increase.

The enjoyment for a few years of some of the free spending of the consumers' society coming after a century of socialist demand for a recognition of equality between manual workers and other members of society has built up a strong determination in many groups to achieve that equality. We can see this from the recent demands of the Scottish Miners Union for £5 000 a year for coal-face workers; ie a demand that they be paid the same as many solicitors, accountants, and other professional men.

The push for equality is going to be a very strong force in society. It will have to be admitted, and negotiation about relative wage and salary rates carried on in full recognition that it is a force with a society-wrecking strength, and not simply an ideal or a minority claim which some would admit on moral grounds, but which could never be enforced. Negotiation about relative earnings will call for very great political skill. Therefore I think that negotiation about incomes will have to be made not just between groups of manual and lower paid white collar workers, but right up to Board Room level to include executive earnings and perquisites, and directors' fees. Equality will become a first measure of defence against social instability.

The consideration of what is relatively fair should also apply to unearned incomes, but it is generally recognized that taxation is the way to regulate these. The differentials established between manual, white collar, executive, and managerial incomes should suggest the degree of restraint on unearned income felt to be desirable.

We may hope that there will be some men in the most strongly organized unions who will recognize the necessity for the conservation of scarce resources. If they accept the policy set out here they should be convinced that support for it will guarantee them benefits for their groups in the long run. They may stand to gain from continued growth, but they can only lose if growth turns to slump with more and more unemployment and a decline in social security and social services.

I suggest that a special approach to the problems of conservation, scarcity, and the ways of meeting it, be worked out for use with trade unions.

7 The regulation of the money supply

It must be emphasized again that the main economic framework of society

would be provided by the controls on energy, steel, land, and very probably imports. Thus the supply of credit now becomes a subsidiary regulator of the economy within that framework, and its object the establishment of a stable economic society.

To achieve restraint on the total supply of money it seems essential that the method of control by fixed ceilings on bank lending which was abolished in September 1971 be reinstated. This needs to be supplemented by general directions about the purposes for which loans should be made.

While there is unemployment the object of any increase in the supply of money should be to provide employment; when there is full employment there should be no overall increase. Credit needs to be available for working capital for firms who want to produce goods or provide services using a high proportion of labour to equipment. It must favour a switch away from capital intensive forms of new employment.

Agreements to keep wage rates fixed need to be made effective by regulating the demand for labour in terms of money. The latter is essential. It must not be possible for firms starting a new project to attract labour away from existing jobs by the offer of higher money, either openly or by some sort of concealed bonus or overtime payment. Therefore it must be a condition of a loan for a new business that it can be shown that labour is available at the existing established rates, either because men with the necessary skill are unemployed in the district, or that men employed elsewhere are willing and anxious to move to the new job without being tempted by a pay rise. That is, that there are men anxious to work for the new employer.

Credit will be rationed, but credit is something whose supply always is rationed in some sense even when it is most freely available. In any circumstances the bank manager weighs

up the credit-worthiness of the borrower on grounds of personal honesty and probable ability to run the business so efficiently that he will recoup his outlay and repay the loan. A ceiling on total bank credit simply means that this scrutiny of borrowers is conducted with more discrimination than if banks were permitted to extend credit freely.

Besides credit for private businesses credit may be needed for public employment but this is better discussed under the next heading.

8 Balancing the national budget

Too often people think of government spending in a way more appropriate to the sixteenth or seventeenth centuries than to the present, thinking that the government must actually collect money from the public before it can spend it, and that it is spending the public's money to pay its soldiers and teachers. But in fact the government itself generates a large part of the incomes of the whole society and if it did not generate those incomes the demand for many goods would be so low that a great many people who think of the government as taking away part of their incomes would not have an income at all, or would have a much lower income.

Incomes are generated in our society in three ways:

- 1 By the independent decisions of all those producing for sale in the market to buy labour, buy or rent property to produce goods for sale from which people derive wages, salaries, rents, and dividends.

- 2 By the government's decisions to employ people in the service of the community for defence, police, education, etc; services which we are compelled to buy through taxation.

- 3 By social service payments to those who do not own property and cannot work.

Our incomes are 'spent' in our society in two ways, either voluntarily on goods and services put on the market of which we can buy what we please, or compulsorily on the services provided by the government – defence, education etc, plus social service reliefs – of which we must all 'buy' a share by paying our taxes, whether we like it or not.

To meet its wages and other bills the Treasury borrows short term from the money market, and repays the loans as the receipts from taxes flow in.

If the budget is balanced the receipts from taxes over the year balance the government's outgoings. Taxes must be levied so that the amount people are compelled to spend on government services just covers the costs of those services, ie the volume of incomes generated in the creation of those services.

If the government is to accept responsibility for providing work for those who become unemployed through restrictions on the use of energy and resources, the proportion of total incomes generated by government spending will be increased. If taxes are not correspondingly increased those incomes will swell the demand for goods on the market, raise prices, increase profits, and increase the desire and pressure of firms everywhere to expand production, thus promoting forces of expansion which will cut across the policy of restraint of growth. Therefore it follows that taxes will have to rise so that the total incomes generated by the government are recouped or pulled back from circulation and do not swell the total demand for goods on the market.

Controls on production and increased taxation will go a considerable way to reduce imports and balance the external account. If they are not sufficient some system for priorities in the use of imports will be required. But the external situation changes so rapidly and is at the mercy of so many world influences that

it is hardly possible to make any further general statement that would apply to all possible situations.

9 Government provision of employment and the direction of labour

The provision of employment, as unemployment increases from restraint on investment, will be the keystone of the stable society, the thing which prevents it dropping apart.

It must not be thought of as a series of mopping up exercises each of a temporary nature to deal with a temporary emergency, but as an integral part of the long term development of our society. Since restrictions on the use of energy, etc will be the chief regulator of the economy and will be long term, plans for employment must be complementary to those restrictions, and must be long term also.

The first priority for the use of large amounts of labour should be the improvement of the total environment in which we all live. We have become accustomed to the sharp division between the spoiled and the unspoiled environment, both urban and rural. Most people live in the spoiled and escape into the unspoiled. This escape is the object of much consumerism. Consequently it is becoming more and more difficult to prevent the land which has not yet been spoiled by industry and domestic building being spoiled by the provisions of roads, car parks, restaurants, and amusements for the escapers.

Improvement of the environment is not just a clearing up job for a task force. The building in which you live and that in which you work together with the space, grass, trees, and water round and about it, the possibility of looking out at a pleasant view or strolling out and seeing something which enlivens the spirit or relaxes the mind, constitutes a very great part of living a good life for us all. It is something that in time can be provided for everyone,

and its provision will depend upon the use of human labour, skill, and imagination more than upon the use of other resources.

In the use of our land we have to work within the framework laid down by the past. Since we cannot afford to use green land for anything but food production we have to redevelop derelict and spoiled land for homes and industry. We cannot abolish and wipe out the effects of the past at a touch. Thus our first priority should be the repair and renovation of existing houses to make them last and improve their standard of amenity, not to demolish them and build anew. Our second should be the gradual reclamation of spoiled land and the development of housing and social amenities upon it, until all are satisfactorily housed. If we can stabilize population there will come a time when there will be no net increase in housing, and more and more labour can be spent on improvement and on the embellishment of surroundings.

Planning should be long term. We should aim to use a certain proportion of our total labour for housing and environmental improvement for a long period ahead; for the same period as we are planning our use of energy resources. Therefore we should plan the training of new labour in advance and when it is trained arrange to use it for a life time.

Planning of the future direction of labour should not be limited to that which is expected to find public employment. The whole future use of labour requires considering in outline, though we cannot exactly see the future. We must recognize that we always have to live with the results of past decisions, and that men who have been trained in one way and cannot be re-trained should have priority for their types of work and that industrial development should be related so far as possible to the human life span.

10 The creation of capital equipment

This provision for housing and

environmental improvement is part of the increase of the capital of the community but it is capital which will be created largely from labour and resources which are not too scarce. We assume it will be paid for by the government by one method of finance or another, and the incomes thus generated recouped by taxation so that they will not swell the total volume of demand, which we aim to keep fixed or almost fixed.

Any large work of capital construction, technological or otherwise, which generates incomes but does not result in any immediate supply of goods to the market on which those incomes can be spent, must swell the volume of total demand, and therefore will threaten the framework of stability.

Thus it seems essential that the government finance all large scale investment in capital construction. This will be far less than today if the economy is governed by basic restrictions on the use of resources, but still we may expect some. We are not proposing to enter the stationary state immediately but to turn towards it. The greatest need for capital construction, even though restricted, will come from the energy industries themselves. A great deal of financing for industries in distress and for national industry is already provided by government grants, and financed by taxation. It would be simply an extension of this system to all large scale investment.

But if equipment financed out of taxation is used either by private firms or nationalized industries to produce goods for sale in the market, and that equipment enables those groups to earn more than enough to pay for labour and other resources used in production, that surplus is a rent (a true rent in the economist's sense) and should be paid to the government who provided the funds to build the equipment in the first place. That is, returned to the community which had consumed a little less of everything else in order that some resources and labour should be used to build that

equipment.

This means in fact that *all* future equipment above a certain size and value would be created by the state. We should gradually move over into a situation in which all industry was state owned as the nationalized industries are owned today.

11 The society to which we shall move

We now return to the quotation from which we started. We should now be able to see the outlines of the new society which we should bring into being by these measures.

It will be a society of much greater economic equality than any we have known before, and it is probable that the tensions of mutual bargaining about rates of remuneration will increase the degree of equality as time goes on.

Greater equality of incomes will fix the pattern of production of society on lines directed to using the limited resources of society in ways which will meet the needs of all, and not be concentrated on meeting the needs of the rich. Production of goods for the market will still be in accordance with the demand exercised by consumers (subject to a few overall controls and prohibitions) and indicated by what they will buy and what they will not buy. A man with £20 000 a year has ten times more pulling power over the market and hence over the direction of resources for production for the market than has the man with £2 000. Therefore if far more people have £2 000 and no one has £20 000 the resources available will be directed towards the production of the smaller, cheaper articles that the £2 000 a year man can buy, and not concentrated on expanding production of highly finished goods for the £20 000 a year man. With increased equality, the limited resources available would, for instance, be directed to the production of buses for public transport, and more bicycles, while with the same resources, and more inequality,

those resources might be concentrated on Rolls Royces for the rich while the many slogged to work on foot.

The great difference between the economy in which we live today and all those which have preceded it is the extremely small proportion of the population which is engaged in food production. This is partly due to the use of energy in agriculture, partly to new strains of seed, and partly to chemical fertilizers. The last will go as supplies of chemicals become very scarce, and as we recognize that natural fertilisers from men, stock, and compost are necessary to preserve the ecological balance between man, the plants and animals which sustain him, and the rest of nature.

Energy for food production should I think have a very high priority indeed. If we do not consume fossil fuels for agriculture we shall be compelled to use vegetable sources of energy, either grain and grass fed to animals, or gas from vegetable sources, and this will compete with the use of land for food.

But energy for food production is the ultimate source of leisure and freedom from back breaking drudgery for man, and so long as we can continue to use it we shall continue to have far more leisure than human societies have done before.

Sometimes people see the need for more home grown food as a need for a wholesale return of labour to the land. But the most productive labour is probably the intensive working of a small garden by a competent gardener, proud of his skill, and in competition with his neighbours. The pattern that should emerge is I think continued large scale production of crops, milk, and meat to be sold through the market, and a very great increase in the home production of vegetables, fruit and eggs, as a preferred use of leisure. Home production economizes in energy for distribution which is a high part of the cost of vegetables, etc sold in the shops.

With a restraint on the use of resources generally we may expect much short time working in industry. Thus we shall expect a large increase in leisure *from* wage earning, but an increased use of the time released in the home production of goods, not only garden production, for pleasure and use.

With a great increase in the cost of petrol people will prefer to live nearer their work and we shall see the effective communities become smaller, and social services will become more decentralized. With a fair degree of leisure from wage earning, more home production for use and pleasure, more community activity in smaller communities, and more equality with fixed earnings, life would become gentler and slower than it is now, even though the amount of things we should be able to buy in the shops would be less. Life would become less emulative than it is now. Emulation would not be forced upon us but for those to whom it was a real need there would be the emulation in achievement of the local flower show variety.



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