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Economic humanism

W. A. P.
ATK, H.

ED EDITION

ECONOMIC HUMANISM

*A Balanced Economy
Distribution Proportionate to
Production*

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A PLEA AND A PLAN FOR A
WIDER CITIZENSHIP

CAPITAL SUPREMACY IN
INDUSTRY DISPLACED

PUBLIC RESOURCES UTILISED
FOR VOLUNTARY CO-OPERATIVE
ASSOCIATIONS OF PRODUCERS

•
A Call for Government and Trade
Union co-operation with Individual
Initiative in Industry

ECONOMIC HUMANISM

PROPOSALS

For Working Towards Group
Associations of Industrialists

in

Complete Charge of Production

To the Rt Hon Walter Nash P.C. M.P.



With H A Jackson's compliments

May 1929

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ECONOMIC HUMANISM

Shaping Things To Come

Prelude and Accompaniment to a Better World
and
THE GOOD LIFE

This pamphlet is issued by trustees under the will of the late Mrs. Sarah Ann Ensom, widow of William Ensom. Both Mr. and Mrs. Ensom were for many years well liked workers in various progressive social and political organisations in Christchurch. They both had the wish to leave means in the hands of competent people for carrying on those works in connection with the Labour movement in which they were interested. Mr. Ensom died in 1922 and Mrs. Ensom in 1929. Bequests were made under the will of Mrs. Ensom to aid the work of ridding New Zealand of compulsory military training and service; to assist propaganda for the social and political ideals of the Labour Party; to provide something for the teaching of the auxiliary international language Esperanto; and to further the cause of international friendship and peace by awakening the further interest of trade unionists in this matter through the agency of the Workers' Educational Association. There is provision for an annual prize for students of Canterbury University College on this subject, whilst the trustees responsible for sending out this pamphlet pooled their endowments in a trust fund for furthering some of the objectives aimed at by Mr. and Mrs. Ensom.

This is the personal effort of one of them who wishes here not only to express his thankfulness for sympathetic fellow trustees but also for a wife to whom his indebtedness in this matter may, he hopes, be somewhat requited in its successful issue.

4 Carlton Mill Road,
Christchurch, N.W.1.,
New Zealand.

H. A. ATKINSON.

April, 1949.

Economic Humanism

DEDICATED TO

The RIGHT HONOURABLE PETER FRASER, P.C., M.P., PRIME MINISTER OF NEW ZEALAND, and the members of his Government together with the Trade and Labour Unions of New Zealand, and Labour Party Branches, a team on whom the future rests.

To these, who by virtue of Acts of Parliament and administrative measures instituting the Social Security system now functioning, have to that extent displaced capitalism in the Dominion.

The Social Security contribution from salaries, wages and all other income is a proportionate charge on the national income for specific purposes in relation to the satisfying of human wants. This is an entry into a new system of economic life based on rational considerations. It is making no addition to the private capitalist controls but diminishing them. The set-up of industry under the propositions of the scheme following, for approaching more nearly the goal of Economic Humanism would, in so far as it were complete, divide up on a rational basis, proportionately for all main purposes, the whole income or profit accruing from organised production.

There would be no capitalist system growing from it. There would be no "organisation of production by capitalists for their own profit."

TO

The EXECUTIVE OFFICERS AND MEMBERS OF The N.Z. ENGINEERING, ETC., INDUSTRIAL UNION OF WORKERS who, perhaps, have some claim to proprietorship of this pamphlet.

This small publication, which is written by a New Zealander who has been a member of the Amalgamated Engineering Union for more than fifty years and of the local Union since its inception, embodies a scheme which is simply a development of the idea communicated by him to "Metal" in the June issue of 1946. That in turn was written in response to the February articles suggesting co-operative enterprise as a way out from capitalist exploitation and the too great aggregation of capital in private hands. It is, therefore, open for the Union or "Metal" to adopt the pamphlet as their own should they wish to circulate it amongst their own members or those of other unions for discussion as being possibly worth something in respect of the ideas it brings forward, even if its conclusions cannot be immediately accepted.

Under the proposed scheme members of Co-operative Industrial Associations accepted by the responsible banking authority will be guaranteed minimum prevailing rates of remuneration under Court awards, or agreements.

Special risks may be undertaken and special compensations offered in concerns where members or others subscribe quotas of expenses for establishment and provision for delayed returns.

Any group of men (or women) capable of producing a payable merchandise is offered finance at minimum rates, and specialised help if required, provided they make themselves into a Co-operative Association willing to enlarge their organisation in the measure of their success. They shall accept additional members upon conditions agreed upon in their constitution for preserv-

ing indefinitely the principles and practices of co-operative production for the benefit of themselves and the community, thus inaugurating principles of mutual aid to replace capitalist production.

Government acceptance of the scheme will give to any man or woman with an idea for producing something valuable with a group of potential producers supporting it, an opportunity to try it out.

The scheme provides a way out from capitalist economy without resort to modern communist doctrine or practice. It is a logical follow-on of all the series of our Labour Government performances. It utilises, the Government banking controls and facilities now available. It could not have been a practical conception without them. It contemplates a largely distributive, rather than centralized, system of production. In the public interest, it appeals to all citizens to bring to bear on industry their personal initiative, inventiveness and high enterprise. The facilities of the country are offered them on this account for the furtherance of their own personal interests and pecuniary gains. To every Union it appeals for such aid to its members in this respect as may from time to time become practicable.

Economic Humanism

PREFACE

Capitalism—"organisation of production by capitalists for their own profit"—will be superceded when industrial producers organise themselves co-operatively and capital, in the main, is in the hands of a responsible authority to be utilised in industry so organised and in the interests of the whole community.

It is a function of capitalism to increase private capital accumulations from the gains of industry, that is, from the charges for the products of industry paid by the public above the capitalists expenses of production. Wage-earners particularly feel the baneful pressure of this economical policy, but on the other hand the customers, who may be charged whatever price the circumstances will allow, are de facto paymasters but without the mastership. Between these upper and nether millstones of human lives capitalists grind out their emoluments.

With industry newly oriented outside the pale of capitalism similar expenses must be met and the same extra must be charged for capital maintenance and renewal, and enough also for some extension of operations. But this capital will be an investment credited to the public, not to any private person soever. The public possession being thus recognised, the customers cannot be charged for it again. **With extensions of plant and improvements for cheapening production there may be simultaneously increased earnings and lower prices.**

Industry will be run for the co-operators and the public. There will be difficulties, but there will not be such diametrically opposed interests. There will be a seeking for general harmony, with guidance by permanent economic councils. A hundred years ago both political organisation and economic possibilities were lacking for any such layout as is here planned. Now, almost any political party is forced to use the available modern

means for improving living conditions. This new, but only slight, departure from the ordinary opens up industry to everyone. It is eminently practicable, and with persistent application for a short space would become easy and habitual.

The kernel of the proposed new economic adjustment consists in responsible allotment of capital to industry by a competent authority, with banking and related facilities adequately attendant on and helpful to the businesses of Voluntary Co-operative Associations of Producers. All concerns are made available to every competent person. The production of capital values is essential and will ensure the indefinite expansion of this system of Economic Humanism until Capitalism is displaced.

Economic Humanism

CHAPTER ONE

PUBLIC AND OPEN ORGANIZATION FOR VOLUNTARY CO-OPERATIVE PRODUCTION*

"This that they call the organization of labour is the problem of the whole future."

—Thomas Carlyle.

Principles of economic organization which, if adopted universally by the various people of the world would spread happiness and contentment and assist in humanising mankind, may be applied to solve our own industrial clashes in New Zealand and make of ourselves a happier family. It is very desirable, therefore, that schemes and proposals planned for the amelioration of conditions of life in this or any country should follow such lines and be based on such principles.

It is further most satisfactory that the actual measures achieving these results have also the striking merit of eradicating some features underlying the immediate causes of wars. International friction and fatal rivalries, and tendencies to the use of violence frequently arise from the aggregation of huge masses of capital in the control of a few forceful men in different countries.

The eagerness of these people in furthering their own interests, coupled with their financial power can, and at times does, influence governments to press upon each other and thus precipitate wars.

The proposed scheme would in its progressive fulfilment withdraw the opportunities and destroy the motives for accumulating capital thus controlled, and so would help the cause of international peace.

This is a big double claim no doubt, but it is an ultimately sound objective which yet allows of a comparatively easy and small beginning. Moving thus, in the right direction though only a little way, we shall find that as we move we are pulling out of a bog, that our

foot is on the accelerator and that we move faster as we go further.

To forward by Act of Parliament economic measures or make economic provision directly "for the good of the people" is still at times and by some people claimed to be highly dangerous to their spirit of independence and resourcefulness. That it is ludicrous, too, to attempt by Government any organization to improve on what is called "private enterprise." At an annual meeting of a powerful rival office, the chairman, thinking to blast with ridicule a strong competitor, sneeringly remarked that the New Zealand Government Life Insurance Office was one of those institutions set up by government "for the good of the people." It was so set up under a resolution of Parliament of 1869 because of the then recent frauds and failures of several British "private enterprise" offices, and in order to safeguard the people's contributions and encourage life insurance and provision for old age amongst the population of New Zealand. All its contracts were guaranteed by Act of Parliament, as were those of the Post Office Savings Bank some years earlier and the Public Trust Office three years later. Furious opposition had to be faced in those days, as it has to be faced now, from interested parties and laissez faire zealots when the wider interests of the public and the general well-being necessitate parliamentary clashes with big business and customary class privileges.

The idea is still held and widely spread, here as elsewhere, that government should be primarily and mainly concerned with furthering the interests of wealthy private concerns and, that these being secured, everybody would be the better for it. The underlying idea being that the generality of the community can thrive only on crumbs from the tables of the rich, or on their munificence. It is necessary to eradicate this idea of our general dependence on the rich. We must supplant it with constructive ideas and object lessons. We must spread amongst all classes the responsibility for general well-being. We must secure for everyone opportunity for the attainment of the "good life"; prize alike of religion and philosophy. The ideal in co-operative organ-

ization is the happy and free association of all our people in producing to the full under good conditions, and in distributing justly, and in the sight of all, the means to get this good life.

We have, of course, made immense progress in some directions in recent years, but the necessity for further progress is everlasting. We swing forward to a new balance first in one direction then another, as in walking we go left then right, the body moving on with a rhythmic swing balanced and poised for going forward.

The wider ideal of aiming for justice and the good life for all transcends the particular interests of petty classes. It uses for its attainment individual persuasion and all helpful economic and political ideas and measures, visualising always the necessity of striving for progressive human development.

The Labour Movement, all co-operative effort, Democracy, the Peace Movement, are all inspired by this ideal. The true leaders are filled with this inspiration and ultimately nothing can stand up against it. The principle that binds us together is that of associating for the common good. We must find the political and economic machinery to make this more possible, so that all parts work in with the whole.

As for our own country, so also internationally, we need to build the machinery to **allow** for the association of all the peoples of the world in mutual aid for the common good. Immanuel Kant, a century and a half ago, pointed out the necessity of basing any world understanding and durable peace on democratic constitutions in the countries concerned. Democracy must now line up in economic affairs besides growing and asserting itself politically.

At the present moment in New Zealand the cause of the most marked division of economic interests, of hopeless bickering about wages and conditions of employment, stoppages of work and neutralizing of productive effort, **is the legal position we maintain of placing direct control of vast material means of production in the hands of persons whose interests in their employment or disuse are not identical with those of either the workers in industry or of the general public.**

Any justification for this state of affairs is long out-dated. We are fully prepared for a change to control of capital resources by persons responsible to the country for their proper and economical use. **We may thus secure for everyone a full opportunity for earning legitimately a livelihood consistent with the resources available and the effectiveness of our productive organization.**

A unification of all interests is needed to replace the present division which is the immediate begetter of all our strikes, lockouts, go-slows and price rackets. Many alternative methods of financing industrial concerns from a common industrial fund might prove equally satisfactory. The industrial fund would be the all-inclusive pool of land and other resources administered, say, by a department of the Reserve Bank by means of specially designed and instructed industry promoting branches. Co-operative industrial groups who, under expert management are supplying goods and services for which there is a profitable market, would be assisted with finance at the lowest possible cost and on the easiest terms.

This would mean, too, that any existing business might become a co-operative concern should the employees, the employers and the banking department agree on a plan of action. A carefully planned agreement shaping and controlling their concern would guard both the public interest and their own. The basis of finance would be productive power measured in the values of products actually marketed. From public loan subscriptions and other capital funds available, and from the public revenue, Parliament would allocate a sufficient amount to the industrial fund of the banking department to meet all the finance needed for the various purposes of co-operative industry. Economic councils elected from various groups could act with a general economic council appointed by Government to assist in anticipating calls for capital and help to apportion the means available.

The public thus providing the finance on reasonable terms, the industrial plants as a whole would give easy access for all members of the public to means of

earning their livelihood. There would be no monopolies, no trade secrets and plenty of room and encouragement for individual initiative and enterprise in supplying, in increasing variety, the wants of the community. The economic forces would thus pull their due weight and be under due control. No wealthy interests would be all-powerful.

Individual co-operators would consume or allot as they chose their own portions of the product of joint earnings and gifts of nature forming the gross income. Each one would have his or her bank account into which all earnings would be paid, members' withdrawals being made at their own convenience. By reason of the rights all now possess under the Social Security Act it is already a simple and desirable change to legalise wage and salary payments through banking accounts. By direct transfer, also, all manner of government payments to individuals might now be made in this manner if all were required to have banking accounts.

This introductory sketch indicates that the draft plan of organization for voluntary co-operative production under government authority which follows relies for its initiative and success on spontaneous economic organization by those who are especially interested and skilled in various departments of industry. Thus men and women will be able to engage in and direct industry because of their aptitudes and opportunities, irrespective of their financial standing or connections. Banking finance, together with business guidance and assistance, will come, as of legal right, to the support of every worthwhile undertaking. Further than this, also, every group approved by the responsible board of experts will be guaranteed by the bank in a certain measure of material success, the bank becoming a responsible partner or controlling power within the organization. Responsible to Parliament, and as trustee for the whole community, the bank influence would be to press for the well-balanced prosperity of every undertaking and to assist the voluntary co-operators in every way possible.

The proposals made are but the fuller extension of the principles lying at the back of our New Zealand

State Advances Corporation and other economic efforts by various Government departments to aid in promoting the general welfare of the community. It involves little more than the writing into our State mortgage deeds conditions providing more generally for this community well-being.

The briefest statement of the objective of this proposed reorganization is :—

1. That it accomplish a set-up in industry and government for the purpose of gaining the fullest economic and social returns for the people as a whole.
2. Consistent with this, that it especially provide returns for the persons engaged directly in industrial pursuits and in every desirable occupation.
3. Dependent upon their outlook on life, their initiative, energy and directive effort, it shall offer to each member of the community according to his or her powers of realization, incentive to assist in any way practicable the general effort for the well-being of all.
4. The work of capital accumulation is not an ultimate objective, but a subsidiary consideration of ways and means towards and for the accomplishment of the objective. If we are to have then, an orderly system of industry, sufficient capital must be collected and controlled by authorities responsible to the people for its proper use. These measures will give a balanced economy. They make a break away from the dominance of private control of industry which is characterised by unregulated, and often immoderate, aggregation of capital. They seek its replacement by bringing the production of capital under the control of those whose only interest lies in cheapening and extending by its means the supply of useful goods and services. In so far as this is successful and a true balance attained, dislocation of industry because of economic crises and slumps, causing unemployment and poverty, will be effectually checked. Capital and Labour will cease to be in opposing camps; they will, as it were, be in one

hand, parts of a harmonious whole. Co-operators under the plan are neither employers nor employees, they are business partners using a joint capital of which none of them can withdraw nor appropriate any part. Their continued welfare under all circumstances is dependent upon and ultimately guaranteed by the total production of the country. Their gain is their proportion of the national income.

Embracing all lesser objectives, all those of actual possible accomplishment within our limited purview, there is always the necessity to keep in mind the spirit of search and striving for a greater Economic Humanism in industry. We seek to approach ever nearer to the assumed "Economic Harmonies" of the early economist, where pursuit of the interest of each leads directly to the greater profit of all.

Economic Humanism

CHAPTER TWO

GOVERNMENT IN INDUSTRY: ORGANISATION

" Lo, when we wade the tangled wood,
In haste and hurry to be there,
Nought seem its leaves and blossoms good,
For all that they be fashioned fair.

" But looking up, at last we see
the glimmer of the open light
From o'er the place where we would be;
Then grow the very brambles bright."

—William Morris

The idea implicit in the scheme briefly outlined in this pamphlet must be adopted by the Government at the outset if the scheme is to be fairly begun. It may, nevertheless, be begun unobtrusively with a few people who are experts in their own line of business; those who know what they have to do and how to do it profitably.

A small workshop, in a paying line of business, acquired on reasonable terms, would quite probably be a success and would quickly be widely imitated. Any isolated public works undertaking of an industrial nature or any industrial branch of a government undertaking would likewise provide an object lesson which, with little trouble or expense, would demonstrate some of the possibilities of these proposals.

On the other hand, the use of bank credits in place of cash or cheques in departmental salaries or wages could be introduced, with evident advantages in some directions, throughout the public services, should the Government be so minded, at any time. Whilst, though written into the scheme, these proposals are not essential to its inception.

Also in some Government departments it might be feasible at once to introduce a profit sharing, if not co-operative system, with the payment of periodical extra

amounts to all members, varying according to the degree of success attained by the undertaking. Such an arrangement would be made more simple by the adoption of the system of reckoning all payments to personnel in florin-hours, so that any percentage extra awarded could be instantly apportioned, without further bookkeeping, to every salary or wage account: a florin hour being the nominal time in which is earned by anyone the fixed amount of two shillings or decimal 1 of a pound. This also is not essential to the implementation of the main provisions of the scheme.

The proposals set out might be implemented either under the Industrial Efficiency Act, 1936, or by special enactment, or under other Acts not inimical to such proposals.

VOLUNTARY CO-OPERATIVE INDUSTRIAL ASSOCIATIONS

1. That capital, finance and other, may be made available for industry at not above its cost price, and that cost price may be the lowest possible, it shall be collected in the public interest, as far as practicable, from all sources of public revenue as a percentage over and above the public commitments and requirements for other purposes.

2. In order that private enterprise in industrial development, apart from private ownership of capital, may be encouraged amongst all the people, it is advisable that **voluntary co-operative companies or associations** shall be set up under approved regulations.

3. Such organizations shall be assisted by the Reserve Bank or allied institutions and financed at the lowest possible rates. The conditions of capitalization and repayment shall be set out clearly in the constitution of the company.

4. Voluntary Co-operative Industrial Associations may be organized in any part of New Zealand to institute or to carry on any lawful industry or business. They shall place themselves under the aegis of the Reserve Bank. The bank shall hold all their assets and meet all

their liabilities. They shall be constituted as parts of a syndicate led, or in part directed, by a special department of the bank.

5. Every association so organized shall appoint a special officer who shall act in liaison with the bank in a scrutiny from time to time of the records of the association at the bank and at the places of business of the association for the purpose of checking errors and imperfections and making desirable improvements or adjustments.

6. Capital advanced as guarantee or otherwise by members of associations, or others, for the aid of an association, may be paid into the Reserve Bank for that purpose. It will be utilised and refunded in accord with the regulations, agreements and stipulations made to meet such requirements.

7. Any capital reserves earned by the associations will accrue from the prices charged. Capital is continuously renewed in part, or the reserves are increased from this source.

These capital charges met by consumers are a calculated extra tax upon them for these purposes and must in common honesty be acknowledged as constituting a fund accumulated for their benefit and not to be monopolised for any other interest.

The extra charges for the purposes of this fund and its further accumulation are necessary to the continued existence and prosperity of the associations. The charges must be heavy enough to repay in due course all private capital obligations and to provide the means for future progress.

With this growth, within the closed circle of co-operative industry, of an ever increasing capital fund utilised and controlled in the interests of the public (its producers and users) by the associations and the agencies assisting them, **the agencies of high finance and the irresponsible powers that mere wealth confers on private individuals will be curbed at their source. "Organization of production by capitalists for their own profit," i.e., capitalism is thus displaced by a more human institution.**

In this technique of industrial development honesty

is made the corner stone and foundation of the economic conception of social life and is thus enthroned and centred in our business affairs. Some such course as this must be pursued to save for humanity the best of our gains in recent times. The advance is consistent with the growth of knowledge and the possible increase of wisdom in the modernised world.

8. Capital sums, consisting of loan moneys, of contributions from public funds and returns from producer concerns and any other sources, shall be appropriated annually by Parliament for the financing of associations. These appropriations may be used both for the promotion of new undertakings and the carrying on or expanding of those already established. The allocation of these sums will rest with the Reserve Bank. They shall be repayable to the bank on terms to be arranged with each association, consumers meeting the cost in the prices they are charged for the products of the associations.

9. A special department of the Reserve Bank shall be constituted to carry out the purposes imposed on the bank by its duties in connection with the associations. This bank department may value its services in a fixed relationship to the florin-hours recorded in its books as credits for members of the associations. It will debit the associations accordingly. Early mutually satisfactory arrangements with associations in this regard will be tentative and exploratory.

10. Before accepting full responsibility for the finances of an association the Reserve Bank shall be satisfied as to the nature of the proposed industry, the saleability of the products to be manufactured, the competence of the manager elected and the powers he is to exercise.

11. The Reserve Bank will be responsible for the soundness and integrity of every association it finances. It shall insist on the refunding of all bank advances as a charge against the profits under plans for amortization.

12. The bank shall supervise the sales of the products and advise as to market changes necessitating any varying in the quality or nature of the products of an

association. Especially it shall note competing products either imported or local and changes of fashion where applicable. The bank shall also report and comment on any other matters that may be important for the well-being of the association.

13. The bank shall make out an annual report and a complete balance sheet, also statements of accounts, in accordance with the requirements of the Act or Regulations made in this behalf for every association. It will show the amount and purposes of all reserves, the divisible income and the principles and particulars of its division amongst the members.

14. Finance for an association may in part be provided by private subscription and by levy on members of the association. Members' earnings may be pledged up to ten per cent of their amount by vote of the assembly of the association. If such private subscriptions paid into the bank as a guarantee fund, together with the guarantee provided by the members' levy, are a sufficient warrant, the bank shall thereupon accept financial responsibility for the association on equal terms with all other associations.

15. Where required by the bank at any time when new capital is advanced to an association, members of the association shall be liable as guarantors up to the amount of a tenth of their earnings in respect of the repayment, in due course, of such advance.

16. An independent economic council shall be set up under the chairmanship of a Minister of the Crown and including representatives of the associations and the Reserve Bank Special Department.

17. The council will recommend means for rapidly developing industry on the lines here suggested. It will recommend the principles to be observed in any of the following matters :—

- (a) In putting aside reserves, whether in bank credits or plant and machinery or otherwise.
- (b) In making the declaration of final yearly dividends.
- (c) In any other relevant direction.

(d) It will arbitrate on any dispute brought to its notice, and rectify grievances.

Note.—The final yearly dividends, in like manner with all earnings paid out, will be allotted in florin-hours credited at the bank to individual members. Dividends will be proportionate to the members' credits for the periods under consideration.

18. For the purpose of forming a voluntary co-operative Industrial Association financed in whole or in part by the Reserve Bank application shall be made to the bank by any three or more persons interested and proposing to become members of the association. Such applicants shall give information as precise and full as possible as to the nature of the industry and proposed manner of carrying on the business to be undertaken.

They shall state what in their judgment are the resources likely to be required and to what extent, if any, they anticipate private help in financing the concern.

They shall give references as to their personal fitness for the proposed work to be undertaken and reasons as to the likelihood of others joining an Association such as that proposed.

19. If the bank shall, after consideration and making any necessary inquiries and investigation, go forward with the scheme, it will, before the establishment of any undertaking, set before a meeting of all the prospective members of any proposed new association, for consideration, a form of memorandum of association approved by Order-in-Council as setting forth the principles guiding the policy and purposes of all associations.

20. This approved memorandum shall not be entirely mandatory, but before its incorporation a suitable memorandum not inconsistent with the original in principle and which meets the approval of the bank shall be adopted by the association.

All members shall be deemed to accept the liabilities imposed by their memorandum of association.

21. The utmost publicity shall be assured concerning the progress of every association, the nature of its business and its degree of success, so that any suitable person may make selection as to where he may employ

himself with a likelihood of finding the greatest satisfaction.

22. No monopoly as between one and another of the associations shall be allowable nor any secret processes.

23. Members of one association may be members of another also. Their responsibility to either shall be proportionate to their earnings in either.

24. Every association shall, so far as practicable without undue risk of reducing the earnings of members below the average of all associations, by inducing a serious fall in price of their output through excessive production, accept for membership any suitable person making application and accepting the conditions applying to members generally in that association.

25. An assembly consisting of the whole membership of the association shall be the principal governing authority. It shall meet as required. Consent of this assembly shall be necessary to confirm the appointment of the general manager.

26. The assembly shall elect officers and a committee to act with the manager in arranging members' hours of work and all matters needing mutual understanding or adjustment.

27. To these officers and committee may be referred by the assembly or by the manager the carrying out of any matters within their competence respectively for the social welfare of the members.

28. Applications for the post of manager shall be made to the Reserve Bank, which shall have an advisory voice in his selection, and after conference and agreement with the officers and committee shall, in conjunction with them, make a recommendation for acceptance or rejection by the assembly.

29. The manager shall be the leading member of the association. He shall have full powers over all affairs in conducting the association's activities. His aim shall be to assure for himself and other members the most economical use of their labour power and faculties. With the assistance of all mechanical and other means available, having due regard to their relative expense, he

shall seek to gain the maximum net satisfaction from each year's operations.

30. The immediate remuneration of the manager shall not be less than sufficient to be attractive in due relation with the importance of the position and in comparison with the practice in like undertakings in the competing market. Competent management is imperative.

31. The remuneration of all members at the outset of operations by any association shall be in conformity with outside practice and not less than is consistent with the scale per hour paid for similar services under industrial agreements or Arbitration Court awards.

32. Every member of an association shall have a bank account as arranged by the Reserve Bank and into this account every amount due to a member for services shall be paid.

33. Every association shall arrange that the number of hours of work credited to each member and the rate of remuneration shall be transmitted regularly to the bank.

34. The bank shall credit each member's account with these actual hours worked, together with their cash equivalent in pounds, shillings and pence, and also in pounds and decimals of a pound, or florin-hours.

35. All payments by way of credits to the accounts of the manager and other members of an association shall be met by the Reserve Bank. They shall be charged against the profits of the undertaking, or advanced in anticipation of future profits.

36. Cash drawings on a scale agreed upon between the bank on the one hand and the officers of each association, on behalf of its members, on the other hand, shall be allowed to each member of every association. These allowable drawings may be less than the full amount of members' cash credits by the amounts of any deductions authorised by the association for specific purposes in accord with the terms of their memorandum of association.

37. Every member of an association shall be kept

informed by the bank at regular intervals, as may be arranged, as to the state of his account with the bank.

38. To simplify the division of profits and to segregate earnings whilst showing them to be divided proportionately, in accordance with the agreed scale of hourly remuneration, a common denominator or measure has been adopted, the florin-hour, the time in which is earned, by any person, the sum of one florin, a tenth of a pound, £.1. In terms of this unit earnings are isolated, and measured clearly, apart from all other profits from the undertaking. A great convenience this when calculating costs of products. The florin-hours recorded at the bank will in each case mark the co-ordination of value of services rendered with the occupational time credited to every person. This record may easily be kept posted up to date in columnar form and be available for reference or to be operated upon at any time.

39. Below is a form of bank entry dealing with the accounts of three persons, A, B and C, supposedly associated in the team operating a co-operative productive enterprise. The idea is that personal services shall be recompensed in the form of bank credits on which the persons interested can draw as may be arranged. All persons credited with personal services share pro rata in the profits of the concern and all are credited with such number of florin-hours as is appropriate to their agreed rate of remuneration.

Name	1		2	3			4
	Actual rate per hour		Actual hours worked	Cash credit at bank			Florin-hours
	s.	d.		£	s.	d.	
A	2	0	40	4	0	0	40
B	3	0	40	6	0	0	60
C	1	0	40	2	0	0	20

Note.—It must be noted that the definition of "profits," wherever that word is used in connection with this scheme, is comprised in the following statement:—

The whole objective gains or real **profits** from industry are the whole added values gained from the processes of industry.

Economic Humanism

CHAPTER THREE

WORKING TOGETHER

That genuine co-operative industry may be well inaugurated a few matters must be more particularly understood by the pioneers of the movement. Those who have a little insight and an urge must lead, show the way and strive to make the road easy and safe for general use. It is necessary to get away from the habit of thinking, as there is an aptness to do, of an undertaking as an isolated concern owned by a private interest in the manner of a present-day business venture. Each undertaking is in reality part of a greater and an expanding series of undertakings, actual or potential in the future. The success of all other groups is of great importance to each one because the general level will presently become the standard of prosperity for all. If one has very much better earnings and better prospects than others, that one will be the standard bearer; it will be studied, for its success will be reported. Other co-operators will have access to the same market and similar resources, and there will be a degree of emulation excited in all groups.

Co-operators are partners in industry working on their own account; they are not wage-earners. By reason of the statehood of their country and their personal rights and duties as citizens they are put in possession of means for earning their livelihood on an accepted scale. This will include their share of the general provision necessary for, and incidental to the functioning of an advancing and flourishing State, including sick and superannuation allowances and all forms of Social Security benefits.

A co-operative group engaging in productive industry makes one organization among a vast number of other groups making equally necessary but variously different products in quantities they can market at a sufficient price. Some of these may be family businesses, others capitalist concerns, and others again, as this one,

co-operatives, established with public funds for the return of which all members are personally liable to some extent, and the whole outfit as the organization flourishes.

Establishment expenses and further finance may in some cases be light and easily met from an early stage in production. In other cases such costs will be very great and repayment be long deferred. The policy will be, by a system of allowances, computed on prevailing wage and salary rates as ruling in the various outside industries, for the financing State authority to guarantee a certain level of remuneration to all the partners. Such financing authority must be reasonably assured before underwriting any proposition that this particular development will be profitable. Ultimately during its continuance each concern must return to the authority the whole costs of establishing and running the undertaking, including charges due to the authority itself. Surplus over and above this will be divided periodically according to agreed regulations, including a guaranteed percentage (and extra if warranted by the amount of a year's surplus) to the co-operators calculated pro rata on individual allowances paid during the term dealt with.

All members of all co-operative groups will thus be interested in striving for success for the whole group. It will be clear to all that in helping the management and the collective effort for this success better pay for each will result when final dividends to co-operators are distributed. Thus, all will be united in striving to excel. Each group will be autonomous, but without exclusive rights of membership or secret processes or monopoly of production. **With regulations and safeguards there would be freedom for amalgamation and dissolution, the objectives always being the increasing of personal remuneration and the cheapening of goods by improving organisation and methods.**

In any market profitable or good bargains are generally possible between certain high and low limits. That is to say, if a person desires something, although he may be able and willing to pay a much larger sum than he

offers, he will not pay so much as he otherwise would if he believes he may get it as easily for very much less. On the other hand, someone offering something for sale at a certain price may be willing to accept considerably less if he believes that otherwise it will be left on his hands. In making up price charges, therefore, the possibility is visualised of forcing a price on consumers possibly higher than a really profitable selling price. The extra charge is made presumably because this price is necessary for the safe continuance of production if our desired plans are to be carried out. As the plans of the producers are made in part by the bank and so contain reserves on account of consumers as well as producers, these prices may be regarded as precautionary rates to meet contingencies and to allow of possible discounts or bonuses to consumers as well as extra profits to producers.

These precautionary rates must include the absolutely necessary rate of pay for the enterprising co-operators that is great enough to retain their services in their particular callings, despite all counter-attractions. The prices, too, must meet all capital wear and tear, taxation and other expenses incurred. They must be sufficient to repay advances of capital in reasonable instalments over a period of years and to provide a further moiety for needed capital expansion. There is, however, an upper limit beyond which these prices cannot go. If other concerns can market the same goods or equally attractive substitutes at a certain price, that price will set a limit to the charges rival firms can make.

At any time, in any community where certain goods are consumed, there is always a quota, or quotal amount which will be valued by consumers individually, in its units, in accord with individual tastes or dispositions. In general, at a certain quotal point more units will be taken by some if there is a slight reduction of price but less if the price increases. Also, some may buy who did not buy before if the charge is decreased, and some cease to buy any if the price is higher.

It is a part of the business of producers to have the assistance of those who can to some extent estimate the

quotal supplies required in the market at any particular prices at which differing quantities of the goods in question can be profitably marketed. On estimates such as this the possible profitableness of any sort of production must itself be estimated by the producing concern which knows just what will be the costs in producing these varying quantities.

There will always be risks to be run in individual businesses, but experience teaches that these risks can be minimised, and over a wide range averaged, so that risks are met by reserves contributed to by a fractional charge against all values of products, and unavoidable losses will be compensated from these accumulations. As it is in anticipation of high pay for their labours that co-operators will undertake any business or manufacture, and market demand is always in a state of flux, groups must fit themselves carefully into existing conditions.

To assure permanence for the co-operative principle within the group of co-operators, and to secure justice for the community, the capital utilised and in reserve could not belong to the individual co-operators but is held in trust by them.

The original advances paid off at net cost, as well as all further accumulations of capital, have been included as an arbitrary tax in the prices charged to consumers and must be used in their interests as well as those of the producers.

A share in the gains resulting from cheapening production, or extended operations, or from other sources, is all that belongs to the organized co-operators.

The free use of this new capital means merely a relative stabilising of prices, for the costs of production charged in the price will include only that modicum necessary to enable co-operators, from cash receipts, to pay off piecemeal all capital used or stored up. It means that there is, to that extent, no differentiation in respect of capital expenditure and any other of the expenses of production. There will be no permanent debt as in the ordinarily capitalised concern. There will be dividends, but not on capital account.

Periodical cash payments will be allowed for and expected regularly by the co-operators. Consumers will benefit by bonus or reduced prices as expenses of production are reduced. The agreed values of the plant are a claim against consumers also materials and services supplied to the concern from outside sources per the medium of the Reserve Bank. To the co-operators these things are but as their tools of trade and their trading adjuncts.

The bank will act as receiver of all monies due to or contributed for the use of the co-operators, and will discharge all the debts incurred. It will be the business of the Special Department of the Bank, partly in its own office, partly in conjunction with officers of the co-operative concern, to provide efficient business management so that outgo and income shall be in a satisfactory relationship to one another.

In the case of liquidation of any concern, all realisation of assets in cash shall go first to satisfy any debt owing by the concern to the bank, and any balance to a suspense account for disposal under regulations framed by the Economic Council of Co-operators. Within margins, it would be credited to the personal accounts of the particular co-operative works. In the main, however, the co-operators have been recompensed for all their efforts from the prices levied on consumers for the products of those efforts. But liquidation might be the result of some change of fashion or other matter making these goods unsaleable, and so in case of dissolution possibly entitling producers to some claim on the values of assets other than produce.

There could never be such a value as goodwill except in the case of amalgamation, since every group would always be bound to admit other would-be co-operators to join them and the more flourishing groups would attract more members, this tending to equalise pay conditions all round. **This openness to recruits is one of the conditions on which capital is furnished to associations by the Reserve Bank. Associations never own this capital since its repayment or its accumulation is cal-**

culated as a cost inflicted on consumers in excess of the remuneration needed by the co-operators. It is in fact nobody's property, but a reserve held in trust for the use by and purposes of co-operative groups.

Savings of individuals, whether co-operators or not, belong to themselves and will be accepted by the Reserve Bank and used for the purpose of co-operative groups as occasion allows. These deposits will be kept and used or refunded in accordance with the wishes of depositors on terms agreed upon. Unlimited amounts of personal savings could be advantageously accumulated in this way. The security for their use and return in accordance with the agreement would be the bank or State guarantee. To the extent that there are these private accumulations in the bank's keeping there will be that much less call on the general taxpayer in the event of widespread organization of co-operative groups as producing companies or associations.

No monopolising capitalist concern can compete successfully with these co-operative undertakings because they all require the lure of large gains on the basis of capital invested. They, further, cannot undercut with low wage payments because their wage workers could all secure equal rights with others in the co-operative associations, which besides their guarantee of allowances of pay at outside rates budget for further profits for members. They can have access to no greater skill than that offering to the co-operator organizations because, for special services, the co-operators can, if necessary, offer the special allowance that meets the case and brings into their number the kind of man or woman they want. Such allowance will always carry a share in further profits up to, say, an extra 25 per cent or more, according to how the limit is fixed by the co-operators Economic Council or other governing body; this extra being paid at the same percentage to all members of the association.

The use of capital in industrial and other undertakings has necessarily been, over many generations, decided and directed according to the will and bidding of its

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years; but even these have often been but perfunctory
controls.

People who have owned money or valuable assets, i.e., capital in any form, have held it idle at their will, or invested it in such manner as suited their interests without responsibility for the public welfare, but such actions frequently have stupendous effects on the living conditions of the members of the community. **The proposal now made is a further attempt to control capital and finally to bring about conditions that will harmonise the interests of capital owners with the interest of the whole people.**

NOTE

The ideas expressed and suggestions made in this pamphlet, and their possible local significance if put into practice as fafr as practicable at once, may not be fully apparent on a first reading because of their departure from what is customary. Custom holds us all very close.

It is hoped that interest may be sufficiently strong in some quarters to incite discussion and further consideration of the points raised.

The suggestions formulate a political policy establishing democracy in industry as in politics by giving control of Productive Capital into the hands of individuals responsible to a public authority, and also to those whose livelihood and wellbeing depend upon its useful employment in their own behalf, as well as upon its upkeep and expansion to suit public requirements.

More adequate treatment of the subject matter here dealt with is contemplated in a later publication.



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