

Making capitalism accountable

*This spending of the
best part of one's life
earning money in
order to enjoy a
questionable liberty
during the least
valuable part of it
reminds me of the
Englishman who
went to India to
make a fortune first,
in order that he might
return to England and
live the life of a poet.
He should have gone
up garret at once.*
—Henry David Thoreau

(1817–62), Walden,

or Life in the Woods, 1854

**Jobs of Our Own: Building a Stake-Holder Society.
Alternatives to the Market and the State, Race Mathews,**
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IN *JOBS OF OUR OWN*, Race Mathews reflects the widespread concern that economic power is increasingly being concentrated in the hands of international corporations. How then can capitalism be made accountable, so that it truly serves the human flourishing of all human beings, and does not become an omnipotent global master?

Mathews has spent much of his life in federal and state politics and in recent years has championed a new look at mutualism and co-operatives as means to tame the excesses of capitalism.

Jobs of Our Own seeks to recover neglected currents in labour and British history, particularly in the distributist writers, G.K. Chesterton and Hilaire Belloc, though not uncritically. Distributism wanted ownership of productive property widely distributed among ordinary people and not concentrated in the hands of the rich or the state. Mathews sees distributism 'as a contribution to debate about Third Way politics, stake-holder society and alternatives to the market and the state' (px).

Not a Catholic himself, Mathews traces the links between British distributism and Catholic thinkers, particularly Pope Leo XIII in his 1891 social encyclical, *Rerum Novarum*, and Pius XI in *Quadragesimo Anno* (1931) which stressed the anti-statist principle of subsidiarity—in other words that the exercise of power in organisations should devolve to the lowest level practicable.

Mathews offers chapters on the increasing concern about poverty in the 19th century, on the English Cardinal Henry Manning and Cecil Chesterton, on Belloc, G.K. Chesterton and later distributism. His quest is not an antiquarian one, to resurrect

neglected writers, but to recover the ferment of ideas in the early labour movement, especially the long debate between socialist and distributist writers, notably that between G.B. Shaw and G.K. Chesterton.

Essentially, Mathews is trying to remove the historical lens of the Cold War clash with communism which so coloured perceptions of earlier socialist movements. The Marxist–Leninist version of collectivism is now largely abandoned as an epic tragedy, with practitioners of its bloody ideology also massacring its ideals. But in terms of both ideology and politics, what can now check an unrestrained capitalism?

Mathews has returned to earlier traditions of socialist thought which embraced the ideals of social equity, human rights, freedom and responsibility, especially as articulated through the social conscience of the Anglican and Catholic churches. However, he realises that for distributist ideas to work, they must reconcile 'the moral case for greater democracy in the workplace with the requirements of productivity' (p4).

MATHEWS INVESTIGATES closely how the co-operative idea has worked in two of its most notable experiments, the Antigonish Movement in Nova Scotia, Canada, and in Spain's Mondragon, both heavily influenced by Catholic ideas of spreading ownership as widely as possible. The Antigonish Co-operative Movement failed by the 1990s because of what Mathews calls the 'Rochdale cul-de-sac', meaning that when the owner–workers handed over control of their co-operatives to professional bureaucracies, the 'agency' problem emerged, with the interests of managers and the worker–owners diverging. In recent years, as in

Australia, many mutual aid societies have been demutualised, to the great financial benefit of the managers.

Despite the history of the eventual failures of most co-operatives, can they be made to work? Yes, says Mathews, and instances the extraordinary Mondragon co-operatives in the Basque region of Spain. They worked where others have failed because they devised methods to counter the agency dilemma and maintain the direct involvement of worker-owners. Indeed, Mondragon has continually reinvented itself, moving into high-tech areas of production. It is currently the ninth largest business group in Spain, employing 30,000 workers and with sales of almost \$6 billion.

Mathews has not here attempted to review the influence of Catholic social thought in general on the co-operative movement. This would require an examination of Catholic movements in Europe, and especially Germany after World War II with its co-determination schemes, and the cross-fertilisation between Catholic and Social Democratic social traditions. However, this would be worth exploring, especially in view of the increasing convergence between Catholic and Social Democrat proposals for the reform of capitalism.

Mathews adds a striking quote from Pope John Paul II, speaking in Cuba in 1998: 'For many of the political and economic systems operative today, the greatest challenge is still that of combining freedom and social justice, freedom and solidarity, so that no-one is relegated to a position of inferiority' (p236).

Indeed. It is a message that the Pope has propagated in practically every country he has visited in many hundreds of speeches, and in his encyclicals. The gap between rich and poor, and how to make the global economy truly serve the human needs of everyone, or—as he puts it—how to make capital serve labour, is one of his most persistent themes. This message has been keenly welcomed in Third World countries, but is generally ignored by the Western media.

As John Paul explained in his 1981 encyclical, *On human work*, the aim is truly to socialise property, that is, 'when on the basis of their work each person if

fully entitled to consider themselves a part-owner of the great workbench at which they are working with everyone else. A way towards that goal could be found by associating labour with the ownership of capital, as far as possible ...' (par. 14). He sees the churches, in dialogue with the leaders of the other great world religions, as providing a moral framework for this reform.

SINCE THE COLLAPSE of the Soviet Union, hopes that a more humane form of capitalism might urgently redirect resources to abolish absolute forms of poverty everywhere have been dashed. Global restructuring continues apace, but in whose long-term interests?

As the economist Jeffrey Sachs wrote recently in the *New York Times*, since 1996 the stock market wealth of the rich countries grew by more than \$5 trillion, more than 50 times the debt owned by the 42 poorest countries with a total population of 700 million people. Yet in that same period until the June 1999 debt remission of \$70 billion, the West had written off only \$200 million for just two countries (Bolivia and Uganda). Who can doubt that this is a spectacular failure of moral responsibility

by the West, resulting in literally millions of unnecessary deaths and an astonishing toll of human suffering?

It is urgent that those convinced of the need to foster more widespread ownership in the means of production work out realistic ways to do so, and oppose the increasing concentration of wealth in the hands of the few, with the consequent risk of undermining democracy and civil harmony. We have escaped the apocalyptic revenge of communism against the abuses of an earlier capitalism. Unless we can redress present injustices between rich and poor, other spectres may arise, in a new and terrible form.

Jobs of Our Own deserves serious thought about ways of reversing the increasing concentration of wealth, and hence political power. Is it too fanciful to hope that by the end of the 21st century, our descendants will regard widespread ownership of property and the consequent exercise of social and political responsibility as the normal prerequisites for civilised living? ■

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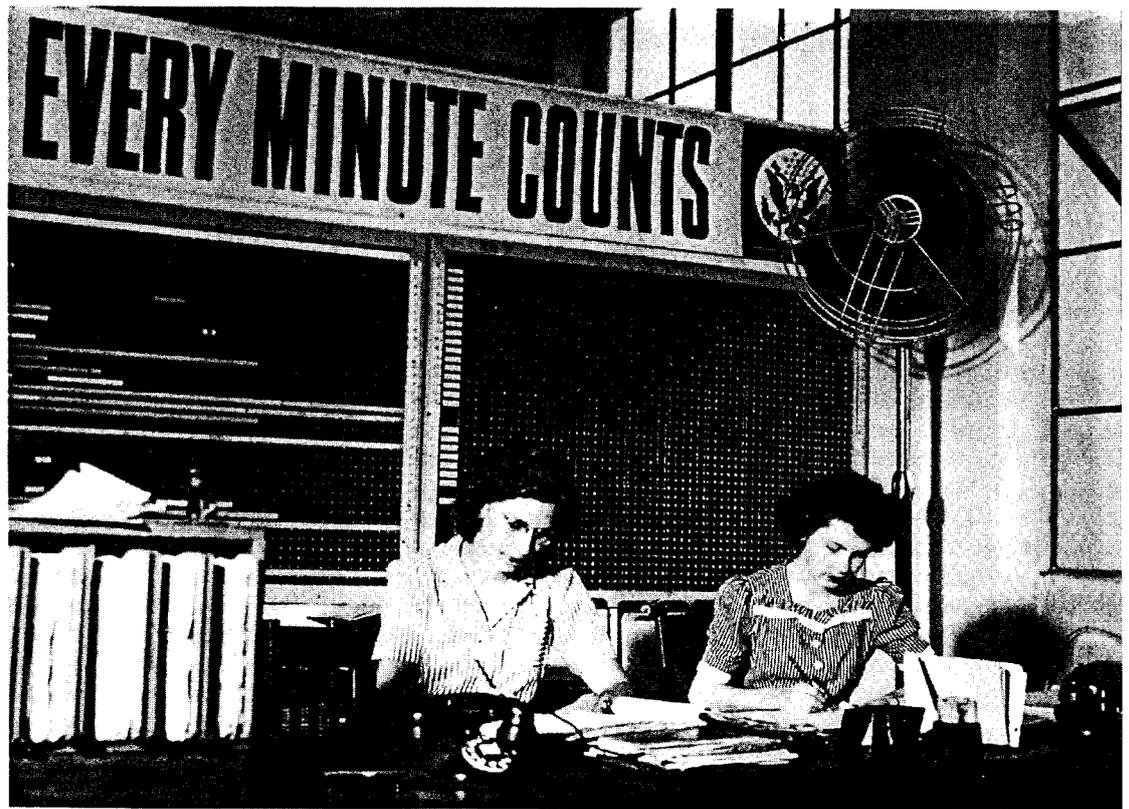


Photo (above) and quote (left) from *The Oxford Book of Work*, edited by Keith Thomas. Melbourne: Oxford University Press, 1999. ISBN 0 19 214217 8, RRP \$59.95