

**Reflections on the Birmingham TOES  
or  
We Have a Public Management Problem  
not  
An Economic Problem**

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The euphoric note struck toward the end of *The People's Summit* in Birmingham and in the subsequent issue of *New Economics* has, for me, an unrealistic, hollow, ring about it.

The difficulty is that it is predicated on the assumption that Governments as we know them can be induced to make the fundamental changes which "everyone" can see it would be desirable to make not only for humanitarian reasons but if our species is to survive.

The truth is that government action is, to a much greater degree than is commonly realised, constrained by (1) a nested set of developments orchestrated by international capitalism and (2) a network of poorly understood sociological processes and widely accepted mythologies (some of which having been generated or promoted by the international capitalists just mentioned) which are widely accepted as "facts of life" and which operate to perpetuate our destructive and dysfunctional way of life.

It is only by making these forces explicit and developing a much more sophisticated and co-ordinated set of intervention tactics that we will be able to move forward.

Consider the following nest of rarely recognised constraints on concerted action in the *public* interest which have been deliberately – and often secretly – created by the international capitalist community.

First there is the fact that to a degree that is not commonly appreciated, the US Federal Reserve Bank is the spearhead of this international banking community. Although it has been a carefully guarded secret protected by a wall of disinformation, the Federal Reserve Bank is a consortium of *private international* banks rather than a public body. The banks of which it is composed are in turn owned by not more than 300 people, most of whom are not US citizens.

In a secret deal with President Wilson, these banks, following a precedent established by Charles Lindbergh, arranged to lend “money” which had not previously existed, that is to say, was created by a simple ledger entry and which was therefore not withdrawn from any deposit account or from any other potential productive use, to the US government at nominal rates of interest of about 7%. I say “nominal” because, since the “money” was entirely mythical, no real asset – ie nothing – having been lent, the true rate of interest is actually infinite because that is the arithmetical outcome of dividing anything by nothing. *Yet in return for this non-loan the banks acquired a lien on most of America’s real assets* as well as the lion’s share of all taxation.

Surprising though this information alone is to many people, it is by no means the end of the story.

First, the banks which control the US Federal Reserve Bank have also induced the US government to introduce legislation requiring all other US banks to follow policies which they establish.

Second, the same network of international capitalists have also developed parallel arrangements in most countries of the Western world. Thus the entire sum lent by “British” banks to our national government and to the Third World consists of fictitious money. *No* money from the British taxpayer or any British citizen or any government department was ever “lent” to the Third World as part of this “debt”. *All* the money was generated by ledger entries. *And more money than was ever lent came immediately back to the West* – even before anyone started paying what we can now see to be usurious “interest” on the “debt”. The money came mainly to purchase armaments or as deposits into politicians’ Western bank accounts, but some also found its way into consultancies and other “development” activities. *Most was supplemented by “matching” money* demanded by the West to show that the “beneficiaries” were “serious”. Much of this additional capital was generated by the sale through “privatisation” of real assets [factories etc.] to the TNCs. The net result of these processes is that ***there is no Third World Debt***. Rather the reverse. The “debt” is entirely mythical. And the true rate of “interest” being charged is again infinite. What one has is a huge job creation programme in the West linked to a drain of capital, real food, real resources, real assets (and profits from those assets), and below-cost products from the Third World to the West<sup>1</sup>.

As a further layer in this network of interventions based on myths and misrepresentations, the international banking communities’ ugly public step-sisters – the IMF and the World Bank – have imposed draconian “Structural Adjustment Programmes” on Third World and other countries. This has been done in the name of “competitiveness”, “economic efficiency”, and the “market forces” and legitimised by reference to a range of publicly accepted myths about money-supply, “debt”, “living beyond one’s means”, and “balanced budgets”. It is implied that the general populations of these countries have been living profligately when what has actually happened is that their rulers have responded to the sales personnel of Western armament manufacturers. These country’s taxes have been diverted from useful activities to paying “interest” on the money “borrowed” for the purposes. The conditionalities for “rescue” from the state to which Western Capitalism has in this way reduced them require them to run down their public management systems, disband

their social security systems, privatise their health-care systems, orchestrate below-cost exports of foods and commodities, sell their national industries, and, to add insult to injury, to subsidise the new TNC owners of the privatised businesses “so that they can become competitive and create jobs”<sup>2</sup>.

As if all this were not enough, the same network of international capitalists has established a series of interlinked, and often secret, international Agreements like the General Agreement on Trade and Tariffs (succeeded by the World Trade Organisation) and the Multi-national Agreement on Investment to cement their position. It is often thought that there is no conspiracy about this, that such things just arise naturally out of capitalism. But they do not. They have been developed and promoted by a small number of organisations set up for the purpose. These include the Trilateral Commission and the US Committee on Foreign Affairs (the proceedings of which are kept secret)<sup>3</sup>. These in turn engage a wider network of interested parties (like the owners of the TNCs) to participate in the proslytisation process,

Both GATT and the MAI remove the possibilities open to both local communities and local businesses to gain control of their destinies. One example is the way in which the GATT denies farmers the right to trade in seeds whose genetic codes have not been registered. This, on the one hand, routes all such trade to the TNCs. But, more seriously, on the other, destroys centuries of careful observational work breeding seeds to fit ecological niches. The planet becomes dependent on monocultures which in turn depend for their viability on TNC-produced fertilisers and pesticides.

The latest addition to this nefarious network of intended-to-be-secret Agreements is the Multinational Agreement on Investment. On the basis of a draft prepared by the International Chamber of Commerce this had been manoeuvred to a stage well toward signature through the 29 nations of the OECD before it was leaked to an American NGO and placed on the Internet. Thereafter it has been subject to a barrage of criticism from, among others, the European Parliament. It:

1. Transfers further rights to determine their own future from citizens and national governments to unaccountable multinational companies. Even revealing that a corporation is releasing a toxin (such as that which, amid huge “green” propaganda, has replaced the much more benign lead as the anti-knock ingredient in petrol) which is doing extensive damage to both people and the environment more generally in such a way that it might damage future profits would be disallowed and governments forced to pay damages by a secret tribunal composed of the members of TNCs.
2. Gives the TNCs unrestricted access to the markets and natural resources of the countries concerned for a period of not less than 20 years from the date of signature. It would be “illegal” to pass legislation to preserve forests, fisheries, natural resources or to pass legislation to restrict capital flows or favour local employment.

Although the negotiations have currently been stalled, it is important to note that this has not stemmed from any disagreement in principle but from such “trivial” issues as the French not wishing to grant free access to American pornography. (Unfortunately, while this might be viewed as a step in the right direction, they do not wish to stem the flood of real pornography which constitutes the vast bulk of US media production (ie

that which portrays values, interpersonal relationships, conflict escalation, and relationships between Homo Sapiens and the environment in ways which *really* corrupt and deprave, leading to endless pain, destruction, and death) but harmless sex (pursuit of which would, of course, *really* undermine the values and behaviours required to perpetuate the destruction of the planet through MAI-style sadistic vandalism).

There is no doubt that, as Coates puts it, and as Morehouse and Hines have spelt out in greater detail, "we need instead a International Agreement on Multinationals" to get them to serve the wider community. The trouble is that stating the conclusion in this way does not sufficiently challenge acceptance of the TNCs as such. Still less does it undermine the assumption that world government can somehow work to help us. Yet all the available evidence points to the conclusion that the bigger the government the *more* likely it is to act in ways which are ever more destructive of both human life and happiness and the planet as a whole. The bigger the government the *less* likely it is to act in the *public* interest. And the more likely it is to be captured by international capitalism..

One needs to hold on to the observation that MAI is part and parcel of a nested set of activities which have been orchestrated by the same network of international capitalists who have, as Grossman and Adams have shown, by both fair means and foul, for more than a century to set about undermining US legislation designed to protect the public, personal life space (clean air, destruction of the liveability and visual amenity of one's general environment by "productive" filth), and the environment more generally from attack, by *defining* private profits as the only public benefit or disbenefit that can be considered in law.

The conditions which have been generated for entry to the EMU are much the same as those which the IMF's Structural Adjustment Programmes impose as conditions for "curing" the diseases which the attacks of the IMF's parents – the international financial communities' – have induced in many countries. Governments have to agree to de-nationalise their industries, run down and privatise their public services, disband and privatise their health services, disband their social security arrangements, disband and privatise their pension schemes and so on. Note that, once more, the deals making them do these things have been negotiated and signed in secret without any public debate or even hint of such agreements have been signed having been made public.

Since progress on the MAI has been stalled the same terms and conditionalities have been introduced into IMF and EMU conditionality documents. It is therefore evident that Renato Ruggiero, Director General of the World Trade Organisation was speaking the truth when he said::

"We are writing the constitution of single global economy. . . . The question is where - not whether - work on trade and investment should take place"<sup>4</sup>

The network which generates the nested set of policies of which I have spoken finds its greatest public visibility in the meetings of the Bildenbug Group, Trilateral Commission, and Committee on Foreign Affairs – the proceedings of none of which are made public.

My point is that all these things point to the conclusion what we are confronted by massive international *management* of trade<sup>5</sup>. We are not being pushed along by “market forces” but by activities of the kind I have described *dressed up and presented* as “market forces”.

To counter such action we need to develop much more information-based and sophisticated strategies. Such things as rings around the Summit, protests at the conditionalities associated with entry to the EMU, and protests at the destruction of the Health Service or Pensions seem to me extremely unlikely to achieve their ends. The British Government is locked into a nested set of Agreements with the EU, GATT, etc. which prevent it, even if it wanted to, taking any effective independent action.

While the price of liberty is indeed eternal vigilance, and while People’s Summit members can provide some of that vigilance, what I find missing from most discussions seeking to identify a way forward is any consideration of the role of the public service in surfacing and finding ways of dealing with such forces. Despite the, again internationally orchestrated, attack on civil liberties which we have witnessed in this country over the past quarter of a century – which has had the outcome that nobody who knows anything in the UK may tell<sup>6</sup> – the true role of the public service is to seek out information and find ways of acting on it in the long term *public* interest. Without releasing a hive of information-generation, public innovation, and public action we have no hope of counteracting the international management forces documented above. Which is, of course, why that network has generated such an orchestrated attack on the public service and why it has orchestrated and reinforced the argument that the public service is there to serve the government of the day and not the public.

It is on counteracting these myths and promoting a more appropriate view of the role of public management that we need to focus.

The question is: “What forms of bureaucracy and democracy will enable us to counter the pervasive, behind-the-scenes, international management of which we have spoken?”

Note that I am not calling for anything akin to world government. What we need to think about is the forms of public management which will enable us to make targeted interventions at multiple and appropriate levels in relation to a given problem. We do NOT need a hierarchy of multipurpose assemblies composed of power-hungry politicians (actually PR freaks) rushing from meeting to meeting to either take decisions about matters of which they are essentially ignorant, decisions which cannot be avoided, or decisions on issues which mainly serve only to distract .

We need a societal learning and management system which actually does what the marketplace was intended to do: namely one which innovates, evaluates, learns and promotes evolution in the long term public interest without anyone within it having to know anything very much.

The marketplace was not proposed as a money-making system. It lauded neither money nor riches. It was proposed as a societal management system; a form of democracy par excellence.

Unfortunately, it doesn't work: it ignores the most important information (such as that relating to sustainability), it does not deliver high quality of life (because that comes from, among other things, high quality working life and security for the future), and it does not reward the most important contributions to wealth creation (because these come from developments in the public service and networks of friends). What we need is a proposal for an alternative system which will meet Smith's and Hayek's specifications but actually *work*.

In my *New Wealth of Nations*, I have both developed the critique summarised here more fully and tried to propose an alternative to both market management and current forms of bureaucracy and democracy. It is perhaps time NEF set about organising a more targeted conference on the issue.

### Notes

1. The evidence supporting this statement has been brought together in my *New Wealth of Nations* but for more direct sources see Roberts, Ekins, Douglas, George, Institute of Economic Democracy.
2. See especially George and Hancock.
3. For an account of the workings of these groups see Eringer.
- 4 Renato Ruggiero, Director-General of the World Trade Organization (WTO), 8 October 1996 speech presented to the UNCTAD Trade and Development Board.
- 5 The use of Transfer Pricing to manage international trade is but one more symptom of this.
- 6 Among other things, the conservative government changed government to university research contracts to give the government the right, not only to alter, veto, and control all publications but also to actually alter the figures in research reports, made it illegal for any public servant, or anyone working on government money, whether national or local, to say anything counter to current government policy or the interests of the government of the day, and for anyone employed by a previously nationalised industry to reveal any information counter to the interests of the company – such as deficiencies in British Rail signalling.

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