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1. A Social System for Peace

Disputes, conflicts, differences of opinion and interest arise constantly between people. They need to be resolved. Our primitive ancestors lacked the mental perception which would allow them to settle their differences peaceably through discussion, arriving at a solution perceived to be just and equitable for all parties concerned. Primitive mankind lived in a world dominated by physical force, force to kill for food, force to cut trees and hew stone for shelter, and force to settle disputes between individuals, families and tribes. But force can both build and destroy, and war can be highly destructive, destructive of crops which can result in mass starvation, and homes which only have to be rebuilt.

Gradually peaceful methods of resolution began to develop. A village would elect a Headman, whose judgment would be respected. Tribes melded together into nations, and nations accepted the governance of a monarch as the price necessary to ensure stability. Monarchs, in turn, established Courts of Justice, often, as in the case of England, basing decisions on a body of Common Law developed and accumulated over many years.

Parliaments evolved as a means through which influential men of the land could share power with the monarch, gradually taking over as the senior partner. Today in those countries considered as politically developed, popular assemblies of one sort or another make the rules, the laws which govern the nation and shape its life and its destiny.

Yet even in these popular assemblies, decisions are established by force. Our much-lauded democracy is governance by force of numbers, or increasingly in the United States, force of

money and media influence. He, not with the greatest physical force, but with the greatest power of votes, wins the day. We are still governed by force, rather than reason.

The ideal of governance by reason and its related concept of natural justice has always existed however; and indeed historically it exerted considerable influence. The essence of natural law is that the Ruler, the State or the legislator is always subject to the law of God, the moral or natural law, the higher rule of right and reason which transcends human interests and human institutions. Thus the ruler or legislator becomes an interpreter of a higher law, rather than an instigator or originator of law reflecting perhaps the interests and profit of himself or the group he represents. This general principle of government – that authority is justified only on moral grounds – may appear somewhat alien today. But it achieved almost universal acceptance as the basis of Roman Law and remained a commonplace of political philosophy throughout the Middle Ages, becoming a part of the common heritage of political ideas.

It was indeed this ideal of Right or Natural Law which gave birth to the concept of constitutionalism, from which in turn the world's great constitutions grew. This concept, recognizing the existence of higher laws than those enacted by mortals, places clear limits on the activities of government, establishing boundaries between the individual and the state, forbidding the state to trespass into certain areas reserved for private action. Constitution is traditionally recognized as being the highest power in the land, thus transcending even the decisions of democratically elected legislators. In that sense, human nature reveals its "secret self" – it would seem that we are ever searching for some way, some system whereby higher laws of natural justice are revealed and adopted as the means by which all our disputes, even in today's complex society, can be solved in ways which can be clearly perceived by all as being right, true and just.

We dream of justice for all. We dream. And yet, like the great dream of peace, we have to ask, are we ready for it? The attainment of peace could be so easy – we simply stop creating aggression.

Likewise, if we truly wanted just laws, that too could be so easy. The answer is there, transparently simple, ready and waiting for us to adopt any time we are ready for it. All we need is one simple principle from which all our laws can be derived: Do No Harm. Under the guidance of this one single principle, the purpose of legislation becomes interpretive, the prevention of injury and exploitation between people. It's so simple. The idea that we should not do to others, anything we would not want others to do to us, is a simple principle of social conduct familiar to us all. It forms one of the pillars of major religions, and it has been familiar to higher-principled political theorists for centuries. In the words of Thomas Jefferson: "the purpose of government is to prevent men from injuring one another".

With the guidance of this one single principle, we would trade honestly, share resources fairly and with proper respect to the inherent rights of the environment, and we would respect the individual rights of one another. Remuneration would relate to work done, which in turn would create structural monetary stability and permit economic expansion to full employment. And we would prosper. For collaboration is an infinitely more powerful and productive force than aggression and disputation.

From the acceptance of centralized Law and Order, politics has developed through monarchy and constitutionalism, to parliamentary democracy disciplined by constitution, ancient custom, and judicial precedents. The next step, a truly peaceful society, will come into being when society accepts the principle that our actions should benefit ourselves without harming others.

2. A Political Alternative

In many developed democracies today, it often appears that the major political parties are abandoning extremism and aiming at some nebulous "middle ground". "New Labour" bravely clings to its socialist name while claiming a "middle ground" barely distinguishable from the Tories' "middle ground". But while parties attempt to appeal to the perceived desire of the public for more neutral policies, old loyalties and traditions remain in the background: Right is for the Bosses, Left is for the Workers.

Throughout most of our political history government has pursued a policy of *laissez-faire* or minimal intervention in the affairs of society, thus allowing freedom for those with superior forces of personality, intelligence and wealth to increase their wellbeing by diminishing that of others. Insufficient government protection permits citizens to harm and exploit one another. That is the essence of Right Wing Conservatism.

The Socialist reaction gave government, or the State, considerably greater powers designed to help the poor by reducing perceived exploitation and using increased taxation to effect a major readjustment in the balance of wealth. But excessive government creates its own form of exploitation and tends towards oppression by the State. That is the essence of Left Wing Socialism.

To put it simply, the Right permits aggression and exploitation between individuals, while the Left creates exploitation through excessive, intrusive government.

Government based on the principles of Peace and Non-Aggression would lay claim to the real "centre ground", for it would neither permit, nor create aggression. The purpose of government becomes, in the words of Thomas Jefferson, "to prevent men from injuring one another".

The idea is similarly summarized by one of the leading figures in British justice, the late Lord Denning, in his book *The Family Story*: "Each man should be free to develop his own personality to the full; the only restrictions upon this freedom should be those which are necessary to enable everyone else to do the same."

That is Peace in Action, in Government and in Law.

We only need One Law: Do No Harm. This is the Law of Peace and Non-Aggression. With this one Law guiding day-to-day legislation, the nation and its people will be at peace with one another. This is the *Principle of Peace* on which Government for Peace is founded.

Do No Harm: it sounds simple enough. But it is worth considering this proposition in detail, for it has implications far beyond its apparent simplicity. The purpose of government is to prevent people from injuring one another, and injury can take many forms which grow in number and complexity as the world develops.

One can harm one's fellow citizens by making and selling a machine which is unsafe in use; or through incorrect labelling of a food product which results in a user consuming an additive to which he or she is strongly allergic. There are many ways in which we can injure one another, in our personal activities, in commerce and industry, in our use (or misuse) of natural resources.

Government for Peace would identify and define those actions leading to the injury of others, then prevent them through appropriate laws and enforcement.

By adopting the Principle of Peace as a guide and basis for all legislation, we can achieve:

- * full employment, a rewarding job for anyone who wants one, any age, full or part-time
 - * a fair wage for all, related to work done
 - * zero inflation and a stable, productive economy
 - * a decent, affordable home in pleasant surroundings
 - * revitalized, unpolluted towns and cities
 - * access to nature and a clean environment
 - * attractive, cost-effective public transport that works
 - * government strictly disciplined in its operations and costs
 - * widely-based prosperity from productive industry and disciplined government
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3. Britain for Peace?

Britain has a valuable heritage. We need to be aware of it, preserve it, and put it to good use. It has a greater potential than we might think.

We take up the story in 1215 at Runnymede on the River Thames, when King John agreed the terms of what would become known as the Magna Carta, the Great Charter. This was the world's first major Constitution, placing limitations on the use of political power, and setting out the fundamental rights and liberties of the nation's citizens in words and clauses many of which have been repeated in subsequent constitutions throughout the world.

Some fifty years later, Henry Bracton produced his treatise "On the Laws and Customs of England", an extensive analysis of legal and judicial traditions on which our Common Law today is largely based.

During the 1600s, a fledgling Parliament struggled for the right to make the nation's laws, eventually replacing Absolute Monarchy with the foundations of modern Democracy which Britain's hardy sons would take with them to their new land of America.

In the 1700s Britain took the lead in developing the machines and power sources which gave rise to the industrial revolution, then gradually humanizing its working conditions during the 1800s with a series of Factory Acts while steadily widening the franchise to give more and more working people the vote.

As an island, Britain has always been a nation of explorers, mapping the world and setting time and navigational standards. Since 1884, the world has set its clocks according to the time of day on the Meridian of Greenwich, longitude 0°. In Britain too, a clock was developed which could keep perfect time in the roughest seas, thus permitting accurate navigation by the sun and stars.

Meanwhile for some two hundred years or so from 1750 to 1950, Britain ruled the world, presiding over an Empire on which the sun never set. It became fashionable for a time in

retrospect to regard the Empire as driven purely by exploitation. Yet many of the Commonwealth nations today continue to use and to benefit from the infrastructure, the political and judicial systems put in place by the mother country, while in others, whose governments have slid into incompetence, corruption and brutality, their impoverished peoples might well look back with nostalgia to the days of relative peace and justice of the old colonial regime.

Emerging from the Victorian Era into the 1900s, the country survived the first world war and the economic slump which followed, only to be drawn once again into war. As often seems to be the case, Britain was at its best when facing adversity, drawing upon hidden reserves of strength supported always by good humour. For a while Britain stood alone against Nazi Germany, as the continental European countries capitulated or joined the enemy. This was, as Winston Churchill declared, Britain's finest hour. Or one of them anyway.

The end of World War II saw an exhausted and economically bankrupted nation struggling to get back on its feet. America had backed Britain during the war, but it was the vanquished who received the dollars needed to rebuild. With much of London still in ruins, the Festival of Britain in 1951 put on a brave show of recovery, but whatever the colour of successive governments, the country declined gracefully throughout the second half of the 20th century, overtaken economically and in relative prosperity by its peer nations.

Yet at the same time, our tiny island, a mere spec on the map of the world, retains an influence in world affairs. At the centre of the Commonwealth and the English-speaking community, influential in the developing European Union as it struggles to find its own identity, Britain brings its own particular brand of wisdom and maturity accumulated through centuries of political evolution. We also rejoice in our Britishness, our unique sense of humour, our multiple talents which can be quite a force when we care to use them, and our all-aboutness – nobody pulls the wool over our eyes, at least not for long.

Perhaps Britain can give the world the new political and social direction it so assuredly needs.

Much of the world today continues to live in political conditions varying through anarchy and near-terminal incompetence, to sheer brutality and open genocide, while in the politically developed nations, faith in the competence and honesty of government is low and declining while government spending accounts for some 50% of gross national product. Internationally, the United States, once proud bearer of Britain's constitutional heritage and the role model for the free world, has all but abandoned the essential principles of constitutionalism as its Presidency moves inexorably towards Absolute Monarchy.

Perhaps the time has come, in the words of Monty Python, for something completely different.

A political policy of Peace and Non-Aggression would give us an equitable and prosperous society, and disciplined government guided by a higher moral law. Britain has the size and the temperament for it to happen, and the influence to spread its message. Britain has the finest political pedigree in the world, bar none. Britain invented the essential tools of modern government: constitution, parliamentary democracy, an independent judiciary, all based on the foundation of English Common Law with its sense of fair play and natural justice. We need to revisit our heritage with the respect it deserves, then take up once again the political high ground we have held for so long.

4. Peace in Action – in Government and in Law

The Principle of Peace defines the duty of government in terms of obligation and limitation. Its *obligation* is: the formulation and enforcement of legislation which will ensure that in the exercise of their liberties citizens do not harm, exploit or infringe the liberties of one another. Its *limitation* is that the law is restricted to the protection of the individual from identifiable aggression, and must avoid oppressive or intrusive law which itself constitutes government aggression.

Applied in the area of economics and commerce, the Principle of Peace gives a policy approach, not of unregulated free enterprise on the one hand, nor of socialist takeover by the State on the other, but a policy falling between the two, a policy of *socially responsible free enterprise*.

The basis of economic policy is to allow enterprise, initiative, business and industry to get on with the job of creating prosperity, of identifying and supplying the many and varied products and services the economy needs. The specific role of government is to observe economic activity in all its aspects, and to intervene when necessary – and *only* when necessary – to establish a regime of fair rules and justice as between all participants: investors, managements, workforces, consumers, and the environment. Fair rules should ensure fair rewards and quality in products and services, while overall supervision of infrastructural facilities would ensure that investment priorities create employment opportunities in communities, regions and the nation as a whole. When enterprise is balanced by appropriate laws, the nation's economic potential can be fully realized, providing a rewarding, productive job for everyone who wants one.

Though blatantly obvious, the relationship between world peace and unemployment seems to be little recognized. A job is fundamental to life itself. We need to consume, therefore we need to produce. A job provides income which provides the necessities of life, and gradually increasing prosperity as skills and experience develop. A job gives pride in self, and a stake in society. And when one has a stake in society one is unlikely to disrupt it. A peaceful society is a prosperous society, while widespread poverty gives rise to civil disturbance and violence which can easily develop into war with neighbouring or competing territories.

Poverty itself is so often regarded as an Act of Nature, an inevitable human condition which only a Miracle in the form of International Capital can solve. There is much talk about world poverty, for it nags at the world's conscience. But in truth the potential for prosperity exists and will always exist as long as people have mental and physical capabilities and the desire to use them. This is their wealth, and with a small plot of land and some ingenuity one can feed oneself and provide something for trade with others. Much of Africa and rural Russia lives on this level.

In order to advance to more sophisticated levels of work, earnings and prosperity however, an exchange medium is required, sufficient for trade and an initial investment if material stocks or capital equipment is needed. This is one of the most important infrastructural services of any civilized society, yet even in developed nations, the credit facility is not used to its full potential, and worse still, it is abused by the private banking system which has charge of it. The attainment of a peaceful, prosperous society is not achieved by dreaming about it or praying for it (though neither can do any harm), but by introducing specific measures to ensure fair play between all participants and the competence of essential infrastructure services. One of the most important duties must be to regulate the flow of the nation's credit so that full employment can be achieved and maintained, whilst at the same time eliminating any and all financial abuses.

Peace is not won by arguing and doing battle, yet at present, this is how pay and prices are established. A peaceful society requires fair rules for establishing Pay, Prices and Profits.

Also important is to provide for Quality Assurance as applied to working conditions, quality, description of goods, and especially in the supervision of those "commanding heights" of the economy which by their nature are monopolies or near monopolies.

The responsibility of government for the overall planning and use of natural resources has always been accepted. How does Britain rate today? On the one hand, local and national government appears to have little or no notion of overall national strategy and urban growth seems to happen haphazardly mainly at the instigation of developers; yet on the other hand, try to put an extension or a conservatory on your house and it seems as if the nation's entire bureaucracy descends on the unfortunate supplicant.

An established national strategy of rural preservation, urban enhancement and controlled development combined with principles of good environmental stewardship can provide a middle way and a clear sense of direction: the creative preservation and enhancement of our Green and Pleasant Land. A renewed focus on public transport services can enhance both countryside and urban centres while reducing environmental pollution. Forward planning is essential in this process. The interests of the environment as an identifiable entity must also be taken into account.

The importance of a clearly defined guiding principle lies in the discipline it exerts over government. People know what they're voting for, they know what to expect, and government is obliged to deliver. *The Principle of Peace* is defined in terms of absolute precision, thus obliging government to do its utmost to protect liberty without creating the intrusion of excessive regulation or the trappings of a police state.

Government also becomes subject to strict disciplines in its own operations. Government loses its dictatorial right to tax at will; taxes become charges which need to be justified in terms of services rendered, not an arbitrary levy exercised as of right. Government is a service to its customers like any other, and the laws applicable to industry and commerce, especially those pertaining to productivity and strict accounting practices, must also apply equally to government, which cannot place itself outside the law. The aim of government should be the same as that of any well-run private sector industry or service: to provide Good Government at Less Cost.

Yes, it is all possible. There is no mystery to it. If government is honestly and productively conducted, providing a framework of fair and just laws ensuring that people work together rather than against one another, a just, peaceful and prosperous society will come about naturally, as a product of human ingenuity disciplined by laws reflecting natural justice.

5. Financing Full Employment

Money Makes the World go Round

The most important element in any economy is finance, money or credit. Without what may broadly be called a monetary system, an economy is reduced to barter. We need a monetary system simply to trade goods for goods. And we need a monetary system to provide loans for business investment. All over the world there are millions of unemployed people. A few, a tiny minority, are unemployable, due to mental or physical disabilities. For the rest, they want and need to consume, and they are both willing and able to produce. Money, or credit, is the vital link that can set the two, producing and consuming, into motion.

In developing countries thousands sit around idle for want of a monetary system which can give them credit in the form of small startup loans. Others sit around in markets in front of their produce, each wanting to buy from others but lacking an adequate exchange medium. In most countries the situation is likely to continue indefinitely; yet the answer is simple, as proven in Bangladesh by the Grameen Bank, now well-known in financial circles for its innovative outlook and dramatic success.

Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and has created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral, yet the repayment rate is higher than in most developed countries. These small loans are sufficient to unleash potential creativity and begin an upward movement of increasing prosperity. Professor Muhammad Yunus, the founder of "Grameen Bank" and its Managing Director, reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, "these millions of small people with their millions of small pursuits can add up to create a development miracle." GB provides services covering more than 60 percent of the total villages in Bangladesh. Grameen Bank's positive impact on its poor and formerly poor borrowers has been documented in many independent studies carried out by external agencies including the World Bank, the International Food Research Policy Institute and the Bangladesh Institute of Development Studies.

The same broad principles can be applied with equal success in any developed country. The highly successful Mondragon cooperative group in Basque Spain combines the simple business loan into an ongoing relationship between investment banking and recipient business. The Mondragon Bank's operation is formally divided into two halves. One deals with finance. The other half comprises specialist sections, providing skilled commercial, architectural and technical advice either to assist existing enterprises or to promote new ones. Once launched, the new enterprise manages itself but the Bank guarantees continuing support in return for a flow of data from which the new enterprise's progress can be monitored – production, sales, profits and so on. If anything begins to go wrong, the Bank can give timely help, with advice or further finance if appropriate.

Another feature of this system, a feature it shares with the Grameen Bank, is that the total project, from design through production and management to sales, becomes the loan collateral, rather than the personal assets of individuals.

In Germany, the Regional Banks, or Landesbanken have traditionally provided low-interest loans to local firms, both as startup capital and as on-going investment. Smaller businesses provide a

flow of data, confirming agreed projections, or providing timely warning in cases where projections are not met. In the case of larger businesses, the investing bank may well appoint a Director to the Board. The banking-industry partnership offers investment at a relatively low cost, backed by the on-going monitoring of the recipient business ensuring safeguards for the investing bank, the recipient business and all those involved with and dependent on it.

All of these examples illustrate one salient point: the provision of capital as an exchange and investment medium unlocks the stalemate of unemployment, so that those previously unemployed now have jobs, earn wages, and complete the circle as they become new consumers. Thus the prosperity of the region and ultimately the nation, is improved.

But these are isolated cases. Which raises the question: why are we so reluctant to loosen the flow of investment in order to create new business and reduce unemployment? The answer lies deep in the distant recesses of history. As so often happens in human affairs, we base today's decisions on yesterday's conditions, even though they no longer exist.

Gold is Gone, but the Memory Lingers on.

The roots of the modern banking system lie deep in the vaults of the world's first bankers, who simply stored gold and issued tradable paper receipts to the owners. Soon however, these gold-storers came to the realization that not all their depositor-customers would be likely to claim all their gold deposits at the same time. So the gold-storers became bankers as they began to issue the same tradable paper receipts, not to actual depositors of gold, but to traders and businessmen needing temporary loans. Since these tradable "receipts" were not actually backed by gold, it was vitally important to make these loans only to borrowers who could be relied upon absolutely to repay them – or who could provide security in the form of assets which could be claimed by the banker in case the borrower might default.

This tradition has persisted today. So even though our banking system is now founded wholly on revolving credit loans, we remain in a situation described by the late Bob Hope: a bank is a place that will lend you money if you can prove that you don't need it.

Gold, solid metal sitting in vaults, demanded discipline. Sure you could lend fake "receipts" over and above the total value of the gold you held, but only up to a limit, and with absolutely rock-firm guarantees that the loans would be repaid.

The revolving credit system we have now bears only a very tenuous relationship to any form of reserves. It is virtually free of physical limitation or discipline, and as such brings with it enormous potential for good or for harm, for use or mis-use on a massive scale. On the one hand it has the potential to create growth and prosperity in rich and poor countries alike. On the other hand, it carries an equal potential for economic ruin. In the worst cases money is printed until it resembles worthless confetti; even in the best-run economies, banks play casino games with their allotted funds, dabbling in high-risk derivatives markets and speculative ventures, often involving complicity in accounting malpractice. The scandals are never-ending; as one dies in the public view, another comes up.

We need to re-visit the whole concept of money, of revolving credit, how it all works, how we can prevent mis-use, and how we can release its enormous growth potential, unleashing talents and creativity, and revealing unemployment and our current inability to release the full capabilities of human talent for the unnecessary waste and stupidity it most surely is.

The Regulation of Money or Credit Quantity

Let's start on familiar territory. The Commercial, or local banks themselves create credit by making loans to their customers; the loans are eventually repaid, and more loans are made. It is a continuous-flow process, as credit flows out and back, and is then recycled out again. It is this revolving flow of credit which finances the entire economy, buying and selling, earnings and savings, longterm investments and retirement pensions. The Commercial Banks are private corporations, whose sole objective in present circumstances is to make a profit for their shareholders.

The Nation's Central Bank attempts to regulate the total quantity of credit in circulation so that it satisfies the needs of the economy in its current or potential level of activity. To expand the economy the Central Bank lowers interest rates, thus encouraging business investment and personal credit-spending. To slow down the level of economic activity the Central Bank raises interest rates, thus discouraging business investment and personal credit-spending.

The Central Bank, in conjunction with government economic policy, regulates the quantity of credit flowing through the economy. But the actual translation of a potential credit facility into real industrial and consumer loans is left wholly to the discretion of the private Commercial Banks, whose motives are solely shareholder-profit oriented. Government regulatory involvement in the Monetary System, the revolving flow of credit which empowers investment and lubricates the entire industrial and commercial machinery of the nation, is concerned solely with the quantitative issue of how much credit is available in the system at any given time, and exhibits no interest in, nor exercises any influence over, the selective issue of how the available credit is used.

Just as governments still carry a residual aura of absolute monarchs ruling by divine right, bankers too like to maintain a residual mystique harking back to the days when their vaults were filled with gold, and major banking groups even printed their own banknotes. The reality today however is quite different. Today's Commercial Banks are creating credit within the overall framework of, and under the ultimate control of, the national monetary system. They are simply acting as agents handling a national resource, a resource moreover of extensive proportions and of vital import to the economy both nationally and at local community level. And yet this resource of the nation, this *System-generated Credit* is created and channeled by the commercial banking sector with little reference to the overall needs of the economy and often with insufficient financial responsibility.

In the pursuance of profits, banks frequently take substantial risks in financial speculation, or in unproductive ventures operated by relatives or thinly disguised associated companies. The history of banking makes frequent reference to major banking scandals where banks have made substantial loans to dubious real estate companies, or, more recently, where banks have played the foreign currency markets using complex high-risk gearing techniques. The situation remains unchanged, and a new major banking scandal can break at any time. Clearly there is insufficient control over commercial banks' investment activities.

Furthermore, there is no current mechanism for directing the flow of credit into economically depressed areas or regional infrastructure requirements. These investment demands are therefore met by government as grants out of current income. This is an improper accounting practice which only serves to distort government accounts. In addition, since companies and projects in economically depressed areas generally receive outright grants rather than repayable loans, this

distorts their own costings creating a sense of false profits which cannot be sustained when the grants are spent.

Unleashing the Potential

Once it is recognized and accepted that *System-generated Credit* is a national resource, it becomes a matter of importance to consider how this vital – and limited – resource could be used to the greatest benefit of the overall economy.

First, appropriate controls and guidelines must be established to ensure that banking resources are not misused for speculative purposes in property, stock markets, derivatives and foreign currency speculation.

The next step is to ensure that the National Resource of is used for the benefit of the economy as a whole.

There is an ongoing need for investment in major infrastructure projects and environmental protection measures, as well as industrial development in backwater areas or areas experiencing major unemployment. These projects are presently funded, either not at all, or by government as non-returnable grants out of taxes. Grants lack the financial discipline which applies to loans which must produce a repayment, and the use of taxpayers' funds for what should be investment only succeeds in further enlarging and obscuring government accounts. Regional Development Banks, centrally coordinated and having access to a proportion of overall credit availability, making open decisions based on nationally-debated priorities, could deploy their credit resources to make repayable loans for infrastructure and local development on a more businesslike footing, with the object of maximizing the overall nation's and each region's productive and employment potential.

The flow of credit created by the banking system is a national resource, not a resource of any specific bank or investment institution or individual saver. It is a resource having a substantial potential for the enhancement of prosperity, and it is moreover a scarce and finite resource. It is therefore entirely appropriate that this resource should be directed purposefully and publicly into projects which will improve employment, productivity and thus prosperity.

Full employment is one of the basic essentials of a civilized society, but it will not come about by chance. There is a tremendous potential for creativity in the world; most people want to do a useful job of work, and to do it well. Unemployment is not for most people a natural or preferred condition. *System-generated Credit* can be used to expand employment on a powerful scale, but only if it is guided by overall priorities.

Without selective criteria, *System-generated Credit* will not be used productively, and may well serve only to inflate property and stock market balloons which will eventually burst with the disastrous effects only too familiar in historical, recent, and indeed current banking experience.

If on the other hand *System-generated Credit* is recognized and accepted as a national resource, both valuable in its potential and limited in its quantity, Economic Policy can begin to exercise, first protective disciplines, then certain directive criteria so that credit can be channeled into infrastructure projects, areas of high unemployment, and productive investment at regional and local level.

6. The Regional Development Bank: Promoting Local Growth

Assuming that *System-generated Credit* is now clearly recognized as a national resource, and subject in principle to proper disciplines, the banking system can deploy this resource so that it fulfils its potential function as a major contributor to growth, productivity and prosperity.

While the commercial banks deal with customers' day-to-day needs such as current accounts, mortgages and loans for big-ticket consumer purchases, newly established Regional Development Banks would provide investment for regional business and industry on an ongoing partnership basis, their decisions based on a rigorous assessment of quality standards and guided by an overall regional investment strategy. The structure and role of the typical RDB can be visualized as follows.

Regional Development Banks (RDB) are licensed by the Regional Development Bank Commission and authorized by the Commission to make investment loans up to a global value as determined from time to time by the RDB Commission in conjunction with current Central Bank policy and prevailing economic conditions. Each RDB is evaluated separately and individually in terms of loan capacity dependent on specific circumstances of the region in which it operates.

Loans are made to encourage and develop new startup enterprises large and small, to expand existing enterprises, and for major regional infrastructure, the latter in conjunction with local authorities and national planning.

In each and every case, the granting of a loan is preceded by the preparation and presentation of a thorough and complete business plan providing full working detail, proposed use of the loan funds, and precise projections of sales, income and expenditure as appropriate for each project, as well as anticipated repayment schedule.

In order to ensure the most secure possible foundation for the enterprise or the project, as well as the ultimate security of the loan, each RDB maintains a register of specialist firms, contractors, business advisors etc who can be called upon to verify loan clients' cost estimates and provide setup advice in forms varying from design of factory premises to promotion and accounting. Skilled commercial, architectural and technical advice is thus available, either to assist existing enterprises or to promote new ones.

Once launched, the new enterprise manages itself but the Bank guarantees continuing support in return for a flow of data from which the new enterprise's progress can be monitored – production, sales, profits and so on. Once the loan has been granted, all transactions of expenditure and income will be recorded daily in real-time in the Bank's data store, and accumulated each month when actuality is compared with projections using the Bank's computer model.

A Standard Audit Format for accounting and quality/productivity performance would facilitate a follow-up monitoring process through which the investing banks are provided continuously with performance data from recipient companies, thus ensuring the safety both of the investment loan, the recipient business and all those involved with and dependent on it. Discrepancies will be flagged by the system. The individual loan supervising agent will review the month's performance with the client, and any variations from projections can be analyzed and remedied

as necessary. If anything begins to go wrong, the Bank can give timely help, with advice or further finance if appropriate.

In the case of larger businesses, the investing bank may well appoint a Director to the Board, as already practiced in Germany. Careful monitoring will be to the advantage both of the investing bank and the recipient business, as well as to the regional economy: bankruptcy is not contributive to economic stability and prosperity.

The ongoing partnership concept also assumes longterm commitment, ensuring finance for secure long-range planning and productivity investment, as well as research and development into new-generation products and services in conjunction, perhaps, with more specialized venture capital funds.

The highly successful Mondragon cooperative group in Basque Spain illustrates this ongoing relationship between investment banking and recipient business. The *Workers' Bank* serves three mutually inter-dependent functions: it provides investment as a local development bank, offers technical and financial advice for business startup, then monitors production, quality, and financial performance in a process of ongoing cooperation and partnership.

The Bank's operation is formally divided into two halves. One deals with finance. The other half comprises specialist sections, providing skilled commercial, architectural and technical advice either to assist existing enterprises or to promote new ones. Once launched, the new enterprise manages itself but the Bank guarantees continuing support in return for a flow of data from which the new enterprise's progress can be monitored - production, sales, profits and so on. If anything begins to go wrong, the Bank can give timely help, with advice or further finance if appropriate. Another similar and highly successful banking enterprise, the Grameen Bank, operates on the same basis.

A major distinguishing feature of the RDBs is that a total project, from design through production and management to sales, becomes the loan collateral, rather than the personal assets of individuals. The RDBs exist to create new business and new wealth where none previously existed, not (in the words of comedian Bob Hope) "to lend money to people who can prove they don't need it".

Similarly, RDBs are authorized to create loans based on project collateral, and are not required to maintain "reserves" in the current banking sense. A bank's reserves are instituted as, and traditionally regarded as an insurance against losses, but in practice insurance is no better than the risks it insures. The RDBs rely for their security on thorough research of loan projects, on a close working and constructive partnership with the loan recipient, and a detailed follow-up of results.

RDBs charge a fee to cover administrative costs. All RDBs report monthly to the RDB Commission, indicating the value of loans and successes or problems with loan clients. All RDBs also report their monthly administrative costs which are compared on a standard scale which allows weightings for number of clients and value of loans. The Bank with lowest administrative cost becomes the current benchmark which others should attempt to emulate. Banks are encouraged to compare notes on costs and cost-saving measures while maintaining the highest possible quality of loan assessment, follow-up, and overall customer service.

RDBs will also insure loans with Commission-approved insurance institutions, the cost of premiums would naturally reflect the success or failure rate of individual Banks' loan portfolios.

Banks' loan books would also be regularly scrutinized by the Commission with regard to prudence and security.

A Catalyst for Local Growth

The RDB would prove a powerful catalyst at local level, providing finance and subsequent ongoing supervision for business and industrial development, together with investment capital for regional infrastructure.

It may also be necessary to establish locally motivated and staffed Development Councils to anticipate any local closures, and dynamically seek new opportunities for development reflecting global trends and local potentialities. These Councils would work in coordination with the Regional Development Banks.

The RDBs will also provide investment finance for regional infrastructure, such loans to be repaid in the normal way by the relevant local or regional government departments from their own revenues. Can the RDB really provide growth and prosperity for our regions? In fact, a strong case for regional finance and development has already been established in a report commissioned by Britain's Core Cities Group representing eight major British cities and their surrounding, dependent regions.

Infrastructure investment in cities is efficient and good value for money, but currently the core cities routinely struggle to fund the really major schemes. Take regional transportation for example. Nottingham has developed one tramline, and agreed a second, in the time it has taken its German twin - Karlsruhe - to build 14 lines. Funding streams, financing options, bidding and approval processes are too complex and time consuming.

A report by the Core Cities Group, a working partnership between six major cities, published in conjunction with PricewaterhouseCoopers, *Unlocking City Growth*, looks at a model based on tax increment financing. The proposal is to borrow against future income to provide major infrastructure, for example from an uplift in business rates, retaining this temporarily to pay back borrowing.

Applying the model to four live case studies from the cities, the report demonstrates that by using this approach, increases of between 50% and 80% can be achieved in housing, jobs and economic output. It also allows cities to share in the growth dividend, to get a return on their own investments, something that may become increasingly important in a different economic future.

The Regional Development Banks would, like all areas of the banking sector, be strictly regulated to ensure the responsible use of created credit and investment funds, and would in addition be confined in their activities to their own specific region. Within these qualifications they would be endowed with a substantial degree of autonomy in tailoring to regional needs both the quantity and the recipients of investment. They would also be able to set their own charges (interest rates) based on administrative costs and loan insurance; this would be possible through each RDB's "insulation" from other regions and the national economy as a whole. This is important: frequent historical examples have shown situations in which the south of England is "overheating" a situation thus calling for recessionary tactics, while other areas are still struggling with unemployment and lack of infrastructural investment.

Once proper disciplines and regulatory institutions are in place, expansion of the national credit base through System-generated Credit can act as a major source of economic motive power. The

specific purpose of the RDBs is to promote regional growth and employment to the fullest extent possible. Thus the onus is on the Bank to prove grounds for rejection of a loan. The success or failure of any RDB will ultimately be measured by the prosperity of its home region.

And when the power of *System-generated Credit* is harnessed to bring out its full potential, any economy can be expanded to full employment.

7. Growth without Inflation

Economic Expansion to Full Employment

Is it possible to expand an economy right up to full productive capacity and full employment, then hold it there for ever? The answer in terms of current economic thinking is negative. The problem is that when government attempts to expand the economy to anywhere near full employment, the onset of inflation halts the process before it can reach its goal.

Inflation is an increase in price without a corresponding increase in value. If the price goes up for a better product that costs more to make, that is not inflation. But if a producer asks more tomorrow for the same product he sold for less yesterday, that is inflation.

Similarly with wages. More money for more or harder work is not inflation. Inflation is more money for doing exactly the same work.

The level of economic activity directly affects inflation.

When the economy is sluggish, producers and retailers find difficulty in moving their goods; they respond by introducing price reductions, incentives and special offers. As the economy expands and consumer demand expands, prices can be increased without damaging sales.

Similarly with wages. Employees are naturally reluctant to demand more money, or threaten strike action, in a time of high unemployment and with a lineup of job applicants outside the door. But when the economy approaches near-full employment and staff are hard to find, now's the time to demand that raise you've been wanting!

The price of goods and services on the market increases to match or exceed the value of credit available for their purchase. This is the dominant feature of a free market economy, and balancing the two highly desirable but conflicting goals of full employment and zero inflation or stable money is the key to national economic management today.

So Government and/or the Central Bank expands the economy by lowering interest rates. But when near-capacity is reached in the more prosperous regions, inflation begins to rise, and the Central Bank attempts to control inflation by slowing down the economy with increased interest rates, thereby maintaining a level of permanent unemployment. Full employment and full productive use in a free-market economy is an economic and financial impossibility. Thus getting a job becomes a game of musical chairs. For every hundred job-seekers, there are only at

best ninety-five jobs. Similarly producers will be competing to sell their goods to a market which has insufficient credit to purchase them.

Apart from fiscal dishonesty and irresponsibility (printing money to gold-plate the presidential palace), inflation is not a monetary, but a social factor. In hard times people behave themselves. When things get easier producers put prices up, staff want pay increases. That is not an economic factor, just simple human nature.

The underlying economic factor which makes this situation possible is that pay and prices are settled by a form of disputation. The price is as much as the producer can get, or as little as the consumer is willing to pay. Similarly, the wage is as much as the employee can get, or as little as the employer can get away with.

This process is commonly known as *free collective bargaining*. But it is inherently unstable and subject to continuous upward pressure fuelled by the simple human desire for more. While the desire for more wealth and prosperity both personally and nationally is a very reasonable one, an economy and its participants should seek to increase their personal and collective prosperity by becoming more productive, by producing more and better goods tomorrow at less cost than yesterday, not by demanding more money for the same work or the same product.

The process of establishing pay, profits and prices by disputation results in friction, industrial disputes, loss of productivity.... and permanent under-employment. It represents a facet of anarchy, in that it is a process of settling differences by unregulated dispute rather than by a system of debated and agreed guidelines and regulation.

Free Collective Bargaining combined with its corollary of totally unregulated market pricing is the key factor which prevents expansion to full employment. It is not compatible with a society which bases its social relations and its laws on the *Principle of Peace and Non-Aggression*. Furthermore, the continuing battle over Pay, Prices and Profits is a major drag on overall national prosperity, by causing dissension, mistrust, and a sense of exploitation in the workplace, and by ensuring that at any given time, the nation's economy is operating substantially below its potential capacity.

Pay, Profit and Price Stabilization

The ability to channel investment into areas of un- or under-employment offers the potential to expand the productive capacity of the economy to its maximum potential, that is to say, full employment.

Full employment has a number of advantages. A job is fundamental to life itself; without a job little else can be achieved. Without a foot on the ladder, there is no hope of mounting. Unemployment also puts demands on those who do have work, since they must pay taxes to finance welfare benefits. At the national level, unemployment represents a waste of productive potential. It is an immediate waste in that 5% unemployment is a 5% reduction in potential production. And it discourages labour-shedding productivity improvements, since those with jobs are afraid of losing them. Some economists have suggested that a degree of unemployment is essential, since a tight labour market can hold back economic development; on the contrary, employers and managers at a Japanese labour conference in 1991, at the height of Japan's period of full employment, were unanimous in that the shortage of labour at that time had forced them into increased labor-saving productivity and automation.

Despite the disadvantages of unemployment and the desirability of full productive use of all economic resources, the ability to expand an economy to full capacity cannot presently be realized, for as the economy expands to near-full employment, the danger of inflation causes the Central Bank to put the brakes on.

A potential solution to this contradiction already exists, and needs only to be applied on a national scale in order to bring justice, peace and prosperity to a fully employed economy.

For many years, a number of government agencies and corporations large and small, have been using a system of *job evaluation* to evaluate the work each employee contributes. Each job is analyzed, and its essential characteristics and demands, such as training, responsibility, working conditions and physical/mental effort involved, are measured on a series of common scales. The job "value" is then directly related to remuneration. In this way, pay is fair, both in relation to the work done, and in relation to the pay and the work of others.

Currently there are several such systems in use, well tried and working successfully. It would not be difficult to analyze and compare their different features in order to establish a single standard. This would become in effect a national standard of value for measuring the work element contained in a product or service, so that pay becomes a true reflection of the work required of a job. Society already measures apples and petrol; it could hardly get along otherwise. Yet of all the things traded every day, work is the most important, and work is the one commodity we do not measure. A national standard would provide a point of reference, of justice indeed. Everyone would know how much they should get for the work they do, without hassle or argument or strike.

Labour evaluation can ensure remuneration stabilization. This process can be carried through to price stabilization.

A factory's, or a business's total costs consist of three elements. First, the cost of bought-in raw materials and components; second, the direct labour added in the factory; and third, the costs of capital write-off, overheads and finance.

These are the costs of making a product, of supplying a service. From these costs a Unit Production Cost can be calculated for each product or service supplied. If this Unit Production Cost then becomes the Selling Price, there would be a direct and fair relationship between cost and price, and therefore between pay and purchasing power.

But the Unit Production Cost is not normally equated with the Selling Price. The difference between the two is commonly referred to as the net profit. How is the net profit currently disposed of?

The prior destination for profits has traditionally been the investors, or shareholders. But today this is changing, reflecting in turn a new perception of the need to create a greater sense of teamwork.

Investment is vital, as also is the equipment it provides; but the machine is no longer the exclusive source of productivity and indeed its operation can be rendered useless without the intelligent participation of the workforce. The reality today, becoming ever more widely recognized, is that the people who work in an enterprise are equally vital: their inventiveness, their enterprise and initiative, their attention to the job in hand, their commitment to quality, their extra thought and effort... these are the factors which if encouraged and harnessed can turn

investment into productivity and prosperity, and which can turn a company's fortunes. Thus an annual workforce bonus reflecting performance of the company may also be included.

Apart from investor dividends and employee bonuses, the other major destination for the disposal of company profit is re-investment, either in research and equipment or increased working capital. The advantage is that in-house or self-generated investment comes without future servicing cost or commitment to repay.

There is one more claimant to a share in the profits, and that is the customer. Profits have to come from somewhere – or someone. In fact it is the customer who pays the price and generates the profit; with this view a further claim on profits would come from the consumer, demanding lower prices.

The stabilization of prices would require the establishment of public policy for profit distribution. This could take the practical form, first, of an overall profit ceiling. Of the profit made, broad percentage bands could be established and gradually stabilized, distributing profit according to a pre-set formula as between co-workers at all levels, investors, and the internal needs of capital for reserves and re-investment.

As they do today, government revenue departments would continue to require that companies prepare in timely fashion properly audited annual accounts. Company profits would be examined in order to ensure that they are apportioned according to a consensus formula which respects the claims and contributions of consumers, investors, co-workers, and the future security of the business itself.

It should be noted that price stabilization effected in this way, through annual account regulation, would permit the same degree of latitude in pricing "deals" and special offers. But the profit ceiling would ensure an ultimate price stability.

Pay and price evaluation and stabilization would provide guidelines ensuring fair exchange between employer and employee, as well as between producer and consumer, without the need to argue or strike. More importantly, stable pay and prices would permit economic expansion to full employment without inflation.

Guidelines for remuneration/pay evaluation coupled with profit limitations would replace dispute with rules, and would move to stabilize pay and prices even in times of economic expansion. In such circumstances it would be possible to expand the economy steadily to full employment and hold it there indefinitely without fear of inflation. The results would be seen in full employment, monetary stability, and a high level of productive efficiency and thus prosperity.

Social Security in its widest possible sense is the goal of every well-governed society, and the only true "Social Security" is full employment, that utopian condition in which there is a rewarding job for everyone who wants one.

8. RECESSION - What is it? Is it inevitable?

What is a recession? Is it good or bad? Commentators say “we are heading towards global recession” rather like a ship heading into a storm. A storm is not man-made, it's an act of Nature. What about recession? Do we create it, or is it a plague Heaven-sent to punish the ungodly? And can we somehow escape recession, or is it inevitable?

Let's first look at what might be called the “routine recession” with which we are all familiar. Or rather, let's re-visit, since it has already been discussed earlier in this text. Reminder: When there's near-full employment and producers can sell all they can make, employees push wages up and sellers push prices up. Inflation. Generally an increase in interest rates can bring inflation back within bounds by creating a mild recession which in turn discourages wage, profit and price increases.

But in the year 2008 several major factors came together, bringing us into something much deeper, threatening a world-scale depression.

First, economies were expanding bringing in the usual inflation, magnified by increasing commodity prices, especially oil which effects virtually everything – travel, industry, and domestic power costs.

This economic expansion was fuelled in part by a credit-financed spending spree, as credit cards multiplied and so did their debts. The overall credit debt in many developed countries became a major factor. People were committing their incomes for 2-3 years down the road, a factor which in itself points to recession: you have to slow down and pay off some of your debts – you've got no choice.

Meanwhile, property prices were doing their own crazy thing, as cheap mortgages encouraged a home-buying spree, uninformed buyers were sold small-print traps which later proved unworkable, and irresponsible banking practices encouraged people to take out 2nd and 3rd mortgages on the inflated values of their over-priced homes.

Another contributing factor was large-scale bank gambling. Yes, banks were gambling with their reserves and customers' deposits, and bankers' gambles and their investment “devices” have become so complex that risk is almost impossible to estimate. As mortgage debts soured and economies turned down, banks found their borrowers defaulting in increasing numbers, while their high-risk gambles turned in major losses.

But having got into a serious depression, is there a way out of it – apart from sitting around feeling gloomy for two years?

Reversing depression.

Looking first at the credit-fuelled economic boom, basically, this should not happen. In a properly ordered economy, credit needs to be more strictly controlled – whether we like it or not. Similarly with mortgages. A good-rate, long-term, clearly described mortgage for first-time buyers is important. But second and third mortgages at cheap rates create their own property bubbles, and a “roof over your head” becomes a simple gamble.

But having got ourselves into this mess, we as consumers already took the first step, without realizing that, totally correct and indeed virtuous that it was, it would only make matters worse.

Let's say you are feeling a little over-stretched financially. You're carrying a mortgage on an over-priced home; you weren't being unwise – when all homes are over-priced you don't have much option. You're also paying off a car and a boat. You need the car – public transport just doesn't work for you and your family. And the boat – well you live near a large lake and the boat is a lot of fun in summer. And it's a fairly modest craft, certainly no mega-yacht. Also... well you've had one or two extra expenses recently with the family and things, and your four credit cards are a little over-stretched. So what's to do?

You decide to rein in a bit, reduce expenditure, enjoy what you've got, try and get those credit card debts down (after all, 19% on the outstanding debt doesn't make any sense, does it?). So you trim your sales, avoid the malls, and enjoy the quiet, shopping-free life. In other words, personally speaking, you're going into recession, pulling in your horns. And you can't say that's not good. In fact it's positively virtuous.

But it doesn't stop with you and your bank account. If you're not buying, the stores won't be selling. So they won't be ordering from the manufacturers, who won't be producing... and won't be employing. That's a drop in the ocean if it's only you who's cutting back. But suppose we all, or at least a good part of the population, are doing the same.

When we collectively stop spending and stop buying, we collectively don't need to produce, so we stop producing. And production slow-down with inevitable staff layoffs have got to happen, which only makes matters worse.

So while you are virtuously cutting spending, and counting on cutting your credit card debts, you are also counting on keeping your job, and now that's by no means certain.

You got over-stretched financially so you're effectively going into personal recession by not buying what others are producing. That's good. But everyone else is reining in their expenditure, and they're not buying what you are producing. So your job's on the line.

When we all reduce our buying, we are reducing production and effectively putting our jobs at risk. When we all move into recession that's not so good.

The solution lies in long-term investment, creating and expanding jobs in infrastructure rather than consumer goods. But this in turn requires a reformed banking system, involving much tighter controls on what banks do with customers' deposits and the nation's credit infrastructure.

Banking for Growth

It goes without saying that the current banking practice of gambling its reserves for profit has to stop. Reserves which they consider their own are ultimately guaranteed by government and central bank, and should not be viewed as casino chips.

But we need to go much farther, and completely revise – indeed *reverse* our banking philosophy, moving from asset-backed securitization to project-based securitization. In other words, the security of a loan must be based on the validity and on-going monitoring of the investment project itself.

Banking philosophy needs to look forward to the investment project as security, not backwards to its reserves. Reserves are only as good as the project they are supposed to guarantee.

The solution lies with Regional Development Banking, which can focus on specific areas, providing investment and follow-up guidance for startup companies, as well as investment in regional infrastructure. Drawing on their local Development Bank, Regions can borrow against future income to provide major infrastructure, repaid for example from a later uplift in business rates when business takes off again.

There is an ongoing need for investment in major infrastructure projects and environmental protection measures, as well as industrial development in backwater areas or areas experiencing major unemployment. However, there is no current mechanism for directing the flow of credit into economically depressed areas or regional infrastructure requirements. These investment demands are presently funded, either not at all, or by government as non-returnable grants out of taxes.

This is an improper accounting practice which only serves to distort government accounts and increase government debt. In addition, companies and projects in economically depressed areas generally receive outright grants rather than repayable loans; this distorts their own costings and may cause unfair competition. Grants lack the financial discipline which applies to loans which must produce a repayment, and the use of taxpayers' funds for what should be investment only succeeds in further enlarging and obscuring government accounts.

Regional Development Banks, centrally coordinated and having access to a proportion of overall credit availability, making open decisions based on nationally and locally debated priorities, could deploy their credit allocation to make repayable loans for infrastructure and local development on a more businesslike footing, with the object of maximizing the overall nation's and each region's productive and employment potential.

The flow of credit created by the banking system is a national resource, not a resource of any specific bank or investment institution or individual saver. It is a resource having a substantial potential for the enhancement of prosperity, and it is moreover a scarce and finite resource. It is therefore entirely appropriate that this resource should be directed purposefully and publicly into projects which will improve employment, productivity and thus prosperity.

Full employment is one of the basic essentials of a civilized society, but it will not come about by chance. There is a tremendous potential for creativity in the world; most people want to do a useful job of work, and to do it well. Unemployment is not for most people a natural or preferred condition. A nation's Credit Potential can be used to expand employment on a powerful scale, channeled into infrastructure projects, areas of high unemployment, and productive investment at regional and local level.

But this requires a whole new banking philosophy involving strict discipline, a new sense of direction and purpose, guided by overall priorities. Perhaps we will learn something from economic disaster and depression. Or perhaps not.

9. Peace, Productivity and Industrial Relations

Prosperity IS Productivity

Prosperity is created by production. We become prosperous, individually or collectively, by providing goods and services which people want and need, either for our own personal consumption, or for trade with others.

But production is only half the story. If we want to enhance and increase prosperity, production needs to be productive, it needs to be efficient. You can't increase your prosperity simply by working harder or longer. More hard work may increase your financial wealth, but at the expense of leisure, family time, and possibly also your health. No. To increase prosperity we need to work not harder but smarter, producing more and better goods tomorrow with less work than it took yesterday.

The formula sounds simple enough and indeed it is. Productivity is a frame of mind, an attitude to work wherever it may be undertaken, from home and garden to office and factory. It is an attitude of constantly monitoring your activity, checking whether anything you're doing could be done more easily or more efficiently, or whether certain jobs may in fact not be necessary at all. Productivity is an attitude of mind, and it has high potential rewards in terms of greater prosperity and more leisure time to enjoy it.

We can and should practice productivity in the home and personal life; and certainly in any business run from home. For most of us however, the greater part of the working day is spent working with and for others. Here the same rules apply. If the business we work for is productive and efficient it will offer its customers good products at competitive prices. As a result it will prosper. If it is not productive and efficient then it must eventually fall by the wayside.

It is in the interests of everyone concerned in a business that it should be productive – and stay in business. And "everyone concerned" can mean quite a crowd: owners, investors, and employees of course, but also suppliers and distributors, and the host community which is dependent on the company's wage-earners for Shopping Centre and High Street trade. The problem is that these different interests may often see their own point of view to the exclusion of the whole. If business is to survive and prosper without the waste and distress caused by failures and bankruptcies, then a holistic view of business in its totality must be maintained.

The Reality of Inter-Dependence: A Holistic View

It is a basic fact of life that commercial inter-activity involves others. It involves managements and workforces, accountants, designers, production and sales staff, as well as suppliers and distributors, perhaps also the environment and the social fabric of the host community, and last but certainly not least, in fact probably first - the consumer. There is a term for these wider participants in a business: they are called the *Stakeholders*. This term moves regularly in and out of business fashion. But the reality is that this interdependence is always there, fashionable or not. Where there is inter-activity there is inter-dependence, and this inter-dependence must be respected, for it is very largely on mutual reliability and trust that good business relations and productivity are built.

The term "stakeholders" is generally considered to consist of five groups – management, investors, employees, consumers, trade connections, and community. This listing is not especially contentious. The debate centers not around the existence of these groups but rather, their relative importance.

This Article proposes the following, perhaps unconventional order of priority:

- * CONSUMERS
- * EMPLOYEES
- * INVESTORS
- * TRADE
- * COMMUNITY

The customers come first.

Before you even think of raising finance, leasing premises, buying machinery, hiring staff, or opening your doors for business, you have to know who your customers are, what they want in the way of product or service and quality, and what they expect to pay. If you don't know that, then you have no business. Consumers are the Alpha and Omega, the Beginning and End of any and all business and productive activity. And it is important that all employees should realize this and bear it constantly in mind. This reflects on the importance of sales staff, who are the company's front line, interfacing with consumers, listening to their comments, continuously assessing their satisfaction level.

After Customers: Employees.

The employees are the substance of a company, the people who make it work. If they have what they need in the way of proper equipment and constant flow of materials, if the workplace is clean and pleasant, and if there is a strong bond of mutual trust and loyalty throughout the company based on fair treatment and open information, then productivity will be high, and continuous improvement will be a standard feature.

What about Management?

Nothing special. "Management", including the owners, accountants, planners, administrators and other office-dwellers... they are all employees of the company. Even the owner of the business is an employee in the sense that he/she is equally subject to the disciplines of the market. Indeed, as the man or woman placed where the buck stops, the owner is the "ultimate company employee" in the eyes of the consumer, suppliers, and other employees. All those who work within a company at whatever "level" and in whatever capacity are employees of the company, responsible to it and for it, subject to the anonymous and unyielding rules of the market-place and the bottom lines of accountants' reports. A well-run company is a company in which "managements" and owners instinctively accept their employee status.

Now for the Investors.

What, only now? Why so far down the list? Surely Investors come before Employees if not before Customers too. Without Investors there'd be no company. Investment is what buys the machines, what sets up the company. But thereafter, Investors take third place after Customers and Employees. The investors want it that way! "Do we?" "Sure you do!" Sensible investors want no frills or fancy treatment, just a well-run ship. And a company that puts Customers first and treats its Employees properly by respecting them and seeking their advice - that is a well-run company.

So what about ROI (return on investment) and "Shareholder Value"? These are measures of productivity, among several others, and useful as such. But maximizing the return on investment at the expense of customer satisfaction and employee loyalty is a dangerously short-term strategy. Customers must come first – then Employees – and only then Investors in third place. Investors whose companies put customers first and treat employees properly will enjoy stability and a fair, predictable return. Investors whose companies show little or no respect for customers and staff may well find themselves in bottom place behind the liquidators.

Trade Connections.

Many companies simply fail to recognize the importance of good relationships and loyalty between themselves and those who supply them, as well as their distributors. They buy from the lowest bidder, and sell wherever they can. Certainly such considerations are important. But so are long-term relationships with good suppliers and distributors, who will support you in difficult market conditions and give your products priority treatment.

Finally, comes the Host Community.

In any listing there has to be a last place, but that does not mean that it is unimportant, or that it can be disregarded altogether. Companies having a major presence in any community must recognize the dependence of that community on the company's continuing activity, and they must understand the economic realities that for every paid employee, there are many dependents, not only family members, but the Shopping Centre and High Street traders who supply them. When a town's major employer gets in trouble the economic life of the whole community takes a downward turn. "So am I responsible for the whole town now, just because my business is a major player here?" "Yes you are responsible. It's a fact of economic life. Are you afraid of it?"

Responsibility and loyalty and mutual support can work both ways. The community can serve the business too, by cutting unnecessary red tape, promoting the company in its business directories and literature, and by its educational facilities working with the company to provide the skills and personnel needed currently and in the predictable future.

Social Accountability

An employee whose slipshod and careless work-style puts equipment and co-workers at risk while turning out faulty products, will soon be reprimanded by management and dismissed if there is no improvement. Such conduct can put the whole firm in jeopardy. Surely the same applies to poor management, which can have a far more devastating effect. But when management arrogance or incompetence endangers the company, who dismisses the management?

German industry makes widespread use of the *Aufsichtsrat* or *Supervisory Board* representing the company's major stakeholders – employees, investors, significant suppliers / distributors, community and consumers. A case can certainly be made for their representation in the overall company management.

When products are poorly designed and inefficiently or wastefully manufactured, when services are careless and slipshod, when quality is poor, the consumer suffers. But so also do the investors if the firm concerned fails to gain its potential market share. And employees suffer both from inefficient working conditions, and from the insecurity and potential job losses inevitably incurred in a poorly run company. The maintenance of high standards in any business is clearly in the interests of all its co-workers and investors, as well as the host community that depends on it for employment and prosperity.

In the wider context, businesses and industries are highly dependent on one another, for the supply of materials and components, for subcontracted work, for marketing and distribution. So the quality and reliability of one business affects, and is affected by that of several others.

This total integration and inter-dependence of co-workers at all levels and in all departments, together with investors, suppliers, distributors, host community and consumers, clearly reflects the reality that avoidable incompetence in any part of the chain affects others adversely if not disastrously.

Suppliers and distributors, as well as co-workers at all levels and in all departments should have the right to expect from one another the highest standards of professional conduct. And consumers should have the right to expect that products and services reflect and embody the highest currently available techniques and capabilities in efficiency, quality and reliability.

Prosperity, for a nation collectively and for its component businesses and people, is generated by production, and by constantly increasing the productive efficiency of production. With teamwork, mutual trust and mutual respect, this will work. With mutual distrust, suspicion and resentment between managements and employees within the workplace, it will not.

Many of the industrial world's more forward-thinking executives have spoken out in favor of the need for an "employee charter". John Dasburg, CEO Northwest Airlines:

"My concern about the capitalist model is that while it seems to work and we're all involved in capitalism in an incredibly existential way, the fact of the matter is that there is, in my view, the need for some type of balance. Democracy didn't work without certain rights being guaranteed, what we call a Bill of Rights. And in my view there is somewhat of a bill of rights to capitalism. You just simply must take into consideration all of the various interests in society in the enterprise. And if you fail to do that, capitalism will fail. And we, as CEOs have a responsibility to see to it that we take into consideration all the stakeholders. And I just simply don't buy the view that maximizing shareholder value and disregarding other interests is a sensible way to run an organization. And certainly, in the long run, I think, it places in jeopardy the entire underlying economic system."

Government for Peace would begin with Pay, Profit and Price Evaluation as discussed in a previous article chapter. The need for and availability of investment for industry has also been discussed – investment wisely applied being a vital ingredient of productivity. This must then be carried through to the observance in all industries and workplaces of Standards which maximize productivity, including proper working conditions. It is important that any and all opportunities or causes for distrust or dissension be removed from all workplaces. Only through strong bonds of mutual collaboration, together with a dedication to the maximization of quality and productivity, can an industry, and collectively a nation's industry prosper, and with it, the nation's good citizens. Needless to say, full employment (also previously discussed) is a vital contributor to the maximization of productivity – no one wants to contribute to productivity increases which mean job insecurity, unless alternative employment is readily available.

Prosperity comes from Productivity, and Productivity in industry is dependent on conditions of fair remuneration, a feeling of mutual trust, and an absence of exploitation – in short, industrial peace.

10. A Green and Pleasant Land

Yes, Britain is a green and pleasant land – still! A cross-section of our island reveals a surprising amount of unspoiled green countryside. And the beauty of much of our coastline and mountain ranges is one of our most valuable assets. Preserving the beauties of our rural and natural heritage while at the same time allowing modest development and ample access for enjoyment and recreation presents a challenge of good stewardship which we are now beginning to meet with increasing success.

We also face an urban challenge. On the one hand we have a number of large sprawling conurbations, their suburbs merging seamlessly one into the other with little sense of identity, while on the other hand, many of our picturesque rural villages lack a population sufficient to support minimum services. In many cases, random housing developments have been created with little reference to any urban or village centre, lacking a sense of place or community.

It would seem that our developers and planners have lost touch with the fundamental nature and patterns of community development which our ancestors practised instinctively.

The old market towns developed as centres for trade and culture serving their surrounding villages, farms and countryside. Movement was on a radial pattern linking the surroundings with the centre. Though movement patterns have now become confused by random development, the basic nature and purpose of the town or city centre remains: it exists to serve as a focal point for the surrounding communities, providing opportunities for work, trade, and culture, linked like a web to its outlying, dependent area.

Villages, each with its village store, church, kindergarten and recreational green, are dependent upon their nearest town which offers a wider choice of goods, services, employment and activities; towns are then linked commercially and culturally to the region's core city, providing those highly specialized employment opportunities, goods, services and activities which can only be supported by the overall regional market. The core city becomes the hub, the centre of its surrounding region.

The "core city region" region is not an assemblage of unrelated parts, but a working system of interlocking components which must be properly coordinated, planned and maintained if the whole is to function efficiently and fulfil the demands of its residents whilst preserving character and a pleasant livable environment.

The importance of establishing Regional Centres lies in focalizing commercial development at the centre and providing coordinated transport links. Without this sense of urban focus, industrial, commercial and retail developments spring up haphazardly.

Fundamental to the planning and apportionment of land-use is the provision, not only of space for "static" facilities such as housing and commercial developments, but also the needs of mobility which is essential to the proper functioning of the region as a whole. The nature of the region and the inter-dependence of its component villages, towns and central city, defines the pattern of movement as a hub with radiating spokes. The core city is at the centre with transport routes radiating out to the surrounding towns, each of which has routes radiating out to dependent villages.

This essential concept of centre and radially which permeated medieval geography has now been at last been revisited, as planners begin a return to the concept of the region with a core city at its hub. The Core Cities Group is a self-selected and self-funded network of England's major regional cities: Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. They form the economic and urban cores of wider surrounding territories, the city regions. The Core Cities work in partnership to enable each to enhance its economic performance and make real advances within a highly competitive international market.

The Core Cities share a common set of circumstances and ambitions.

- They are big wealth producers at the centre of large conurbations – the city regions.
- The region relies on their performance and their assets.
- They have experienced real economic turnaround, but still lag behind international competitors.
- They have significant and persistent deprivation.

Their shared agenda is to create accelerated economic growth and to distribute it throughout the region, increasing cohesion and benefits for local people.

This significant beginning needs to be widened in scope, identifying further city-regions throughout the country, then using the power of Regional Development Banks to finance the necessary infrastructure.

Public Transport: Urban Renewal and Rural Enhancement

With shared transportation playing a larger role, town scale can be humanized and centres pedestrianized with improved amenities. Central urban planning should stress compactness, the concentration of development at the core and the exploitation of unused or waste land within that area. Commercial centres can be reinvigorated through environmental enhancement, pedestrianization, and full integration with public transport facilities. These days opposition from High Street traders to street closures and pedestrianization is not as strong as it used to be, as lessons from new and successful pedestrianization projects have been learned.

At Stevenage and Peterborough, for example, footbridges lead directly from the station into the shopping centre, and many shoppers and office workers come in by train. This is a start; better however if the station itself formed an integral part of the shopping centre.

Cambridge has a buoyant economy that attracts commuters and shoppers from miles around. But the Cambridge railway station is a mile out of town, remote from the shops, so most people come in by car. Cambridge should have left the historic centre to the University and the tourists, and concentrated shop and office development around the railway station. Now the damage is done, and planners should not expect the public transport industry to rescue them from the results of their errors. Good transport depends on good planning.

The overall strategy has three elements. First, a national high-speed and/or fast rail grid links the major city centres. Within cities, rental bikes and small electric cars should be available at stations. Second, each designated city then becomes responsible for its own regional transport network, connecting the centre with surrounding communities and interlinking with the national grid services. Using the facilities of the Regional Development Banks already discussed, and within the disciplines of established standards of good practice, cities should plan and execute their own transport network without recourse to Westminster. Third, transport, residential, recreational and commercial facilities and developments must be inter-linked.

Britain is fortunate financially and environmentally in having many disused rights-of-way which can be returned relatively cheaply to public service. These can be revitalized as light rail lines, connecting towns and villages with city centres. In Holland and Germany, the concept of reviving disused rail-lines, and converting existing heavy-rail but little-used rural lines to tramways or "tram-trains" is already well underway.

It is important that new public transport installations should be highly cost-effective, minimally disruptive, and environmentally friendly. Most of the available transport offerings today consist of over-weight, over-designed heavy vehicles, expensive to buy and disruptive to install. A British company, Parry People Movers, has addressed this problem with a range of highly suitable vehicles and installation systems.

New housing developments created around new stations on agricultural land should aim to offer a major proportion of dwellings at a price reflecting basic building cost. Availability of at-cost housing would make it possible once again for young families to afford that most basic of all needs: a decent home in pleasant surroundings.

11. Good Government at Less Cost

From Absolute Monarchy – to Absolute Government?

The relationship between government and citizens was established over a thousand years ago. It was based on the concept of Absolute Monarchy. The King ruled as of right, taxed at will, and spent on palaces or war or whatever took his fancy. True, Britain gradually built up a number of constitutional-type documents limiting the Royal Power, and Ancient Custom also had its place in exerting discipline over the monarchy. But the basic fact remained: the king was King.

Though Parliament finally succeeded in establishing supremacy over the monarchy in 1702, the situation as far as the ordinary citizen was concerned changed very little. The Upper Classes, the minority of educated landholders and the new industrialists who could read and write and had some grasp of domestic and international affairs, ruled the country. They knew best, and there was neither need nor opportunity to question their actions.

Has this changed much today? It would hardly seem so. Once elected, governments are as arrogant, as dictatorial, as secretive, spendthrift and generally "superior" as they ever were. Yet "we, the people" are today every bit as well informed as the government (save in those instances where government deliberately conceals information); indeed, the plain common sense of ordinary citizens is often needed to bring governments down to earth. It is, after all, the "ordinary people" who enjoy the benefits, or suffer the discomfort and the cost of government actions.

We need to update the relationship between government and people, better to reflect the times in which we live. Government is the nation's biggest spender, taking anything up to 50%-plus of the nation's earnings.

It is also a monopoly, subject to little or no discipline in the efficiency of its operations and its cost-effectiveness. It is virtually unanswerable to anyone for its actions; it taxes and spends at will with very little meaningful accountability.

For both political and economic reasons, we need to establish a new relationship: a relationship which accurately reflects reality, namely that government is a service to its citizens, its wages paid by its citizens as its customers. The process of government must be clearly defined in its field of action and subject to strict financial and administrative disciplines, so that it fulfils its functions productively without incurring an over-burdensome tax on our earnings.

Each and every department and function of government must be clearly and separately identified, its function clearly defined and its costs enumerated so that those who pay the bills can review the different functions and assess their utility and desirability.

Welfare Programmes

It has become an accepted principle of our society that the disadvantaged should be supported. More important however, is precisely how we achieve this.

The first aim of any political and social administration must surely be to ensure that the rules, facilities and opportunities are in place to ensure that as few people as possible become disadvantaged in the first place. There are very few among us who, given the necessary economic climate and supportive services, do not have the potential to provide for themselves with dignity and in relative prosperity.

If everyone had the opportunity to receive a meaningful, productive education, with opportunities for further re-training right through into retirement, if everyone had the opportunity to do a challenging job of work for a fair remuneration, to obtain the necessities of life, particularly a decent home in decent surroundings for a fair price, and if we all lived in a productive society where both the commercial and more importantly the government sector provided quality goods and services cost-effectively.... there would be little need for "welfare". Welfare is counter-productive in that it can only give to the disadvantaged by taking from the working population – less a government handling charge.

A Welfare State may be a current necessity. Better a Well State.

A sound education, with on-going re-training facilities, together with a healthcare system which not only treats ill-health but also encourages the maintenance of good health, these are two essential prerequisites of a properly functioning society.

When these facilities are operated under government monopoly, there is no innovation, no element of choice, little or no incentive to improve either service or productivity.

By opening up these services to competition, we can achieve the benefits of commercial services. Adding strict government supervision ensures that these essential services are conducted in a socially responsible manner. And Pay, Profit and Price Evaluation guards against profiteering. By providing a properly structured safety net, we can ensure full, worry-free access to all citizens.

Peace is Government Productivity

The *Principle of Peace*, applied in Economics and Commerce as a policy of *socially responsible free enterprise* sets high standards of management and customer satisfaction, quality and productivity, performance and accounting for the private sector.

Governments today exempt themselves from commercial law. If the *Principle of Peace* were to be consistently and correctly applied there could be no exceptions, not even for government.

The *Principle of Peace* charges government with the specific duty of interpreting, applying and enforcing the *Principle* in terms of everyday law. Government is a service to its consumers and as such should be subject to the strictest possible commercial disciplines; its performance should be at least as good as and preferably better than the private sector. Any commercial legislation relating to accounting, standards, productivity or quality of private sector business and commerce should immediately and automatically apply to any and all functions of government.

Government should not be outside the law; government legislation, conduct and operations must at all times be subject to the *Principle of Peace* and to all its resultant legislation.

Indeed the process of auditing and applying the necessary disciplines to government should be entrusted to a specially constituted Committee of Constitutional standing. No institution, least of all government, can be trusted to discipline itself.

The aim of government should be the same as that of any well-run private sector industry or service: to provide the best possible service at the lowest possible price.

The productive efficiency both of government itself, and of essential infrastructure and welfare services needs to be maximized, either by contracting out under government supervision, and/or by imposing performance standards, cost limits, benchmarking checks, and any other of the many devices for improving productivity which may be applicable.

The major problem is a fact of life: Government is also a monopoly, subject to little or no discipline in the efficiency of its operations and its cost-effectiveness. It is virtually unanswerable to anyone for its actions; it taxes and spends at will with very little meaningful accountability.

Can we change that? Yes, by harnessing the potential of Britain's membership in the European Union. Let's face it, the EU is not high in Britain's popularity stakes. But we're in, and here's a chance to make use of it.

The idea is simple, and would be simple to set up. Basically, we enumerate and define each individual department and function of government. Then we create a European standard consisting of named government departments and definitions of each. We also need to establish standard objectives, and standard methods of evaluating the achievement of those objectives.

So for example, the Ministry of the Environment has a standard EU definition, standard goals measurable by standard definitions. Reports on all EU government departments to be published quarterly.

It then becomes possible to compare all EU – say – Environment Ministries side-by-side, and to view the degree of fulfilment of their objectives and cost of operation. We can then benchmark the most cost-effective, with other Environment Ministries can analyze and copy.

A Powerful Combination

A government committed to Peace and Non-Aggression, confined to legislation and its enforcement, productive and cost-effective in its operation..... a powerful combination indeed!

The ideal of Peace and Non-Aggression requires that we should confine ourselves to those actions and activities which are not detrimental or disadvantageous to others, which do not harm or injure others. It is as old as human conscience.

The parallel concept of government, that it exists primarily to prevent actions harmful to others, has likewise existed in political philosophy as expounded by reformers throughout recorded history.

And the ideal that government, its function clearly defined and limited, should exercise its duties efficiently and at minimum cost to its customers, is a dream long cherished by reformers and tax-payers alike.

Accurate and consistent application of the *Principle of Peace* by a government strictly disciplined in its conduct and expenses would reflect the ideal summarized by Thomas Jefferson in his first Inaugural Address given on March 4th, 1801:

"A wise and frugal government, which shall restrain men from injuring one another yet leave them otherwise free to regulate their own pursuits of industry and improvement, and which shall not take from the mouth of labor the bread it has earned: this is the sum of good government necessary to complete the circle of our felicities".

Today, over two hundred years later, most of Britain's good citizens would probably, if asked, say that a wise and frugal government is an excellent idea... and one they are still waiting for.

12. BRITAIN AND THE WORLD

Foreign Policy

“Foreign Policy” in the sense of interfering in other countries' affairs is something we don't need. We no longer rule the world. America does that for the moment, and how they choose to use their power is up to them. Our Foreign Policy, such as it is, should be simple:

Britain should neither rule, nor be ruled.

We need to adopt a policy of Zero Interference in the affairs of other nations. Each nation and region must work out its own destiny.

When we attempt to interfere, our own people get killed, and we get no thanks for it. Indeed it is likely to attract acts of terrorism against our own people within our own borders.

We should also realize that when a government decides to intervene in foreign countries it is sending its hardy sons and daughters into extreme danger with the strong possibility that many will be wounded or killed. No government should have the right to do that, nor to lay the huge costs of such operations upon their taxpayers, most of whom will probably oppose such military expeditions anyway. The proper role for a nation's military is to defend its own borders from clear, present and immediate danger.

We should be looking at a small, elite force which can mobilize in cases of natural disasters, and in extreme conditions with UN Agreement, intervene on humanitarian grounds.

Britain should not renew, and should progressively disarm itself of, all nuclear weapons. If the world decides collectively that it wishes to spare its children the horrors of nuclear destruction, the proper course is (1) to obtain agreement that those nations not having nuclear capability should not seek to develop it, and (2) that those countries having nuclear weapons should progressively and publicly eliminate them over a specified period. To forbid non-nuclear nations from “joining the club” while others retain nuclear capability is clearly an unequal agreement which none need feel compelled to respect. Notwithstanding the course other nations may choose, Britain should adopt its own course in rendering itself nuclear-free.

We should also progressively run down our own armaments industry. To say that we are losing valued export orders and that other manufacturers will step in anyway is not the main point. When guns are fired and bombs are exploded, and people are wounded or killed, the guilt must be shared equally between those who pull the trigger, and those who make the weapons. Our world seems to be continuously at war. Infrastructure and buildings are destroyed, people are wounded and killed. When homes and hospitals, roads and bridges are destroyed, when a bullet is pulled from a child's leg, can we truly feel pride that the bombs and bullets were “Made in Britain”?

As a further element of Foreign Policy we should also eliminate or drastically reduce the diplomatic corps. It costs millions, and the international diplomatic community largely occupies itself with mutual parties and receptions. When foreign embassies and consulates began a couple of centuries ago things were very different. Communications could take several weeks to reach London from the outposts of the Empire. Foreign intriguing was rampant as major countries vied with one another for world influence, and their governments needed representatives “on the spot” who were thoroughly conversant with their governments' intents and policies, and could act on their own initiative. That is why they were and are called “Ministers Plenipotentiary” – a word derived from the Latin *Plenus* and *Potens* – literally “full of power”. Today, when significant negotiations are called for, a posse of emissaries can be jetted across the world in a matter of hours, while in the meantime, hotlines and live video hookups can set the groundwork. When institutions become life-expired or their functions irrelevant, they need to be seriously reviewed.

Britain and the Middle East

It frequently happens, after a suitable time has elapsed, that historical events, previously little known or even taboo, become openly discussed, and often, an apology or at least an expression of regret is made for historical events which in retrospect we would now consider to have been inappropriate. The sins of the fathers do indeed have repercussions upon the sons, and Britain must accept a large measure of responsibility for the current turmoil in the Middle East.

When Turkey entered the First World War on the side of Germany, Colonel Lawrence persuaded the Arab tribes to join Britain in fighting the Turks, thus drawing their fire and effectively keeping them out of the main theatre of war. The Middle East had for some six centuries been under the Ottoman Empire. What Colonel Lawrence promised the Arabs, with the implied backing of the British Government, was self-determination and independence. Though contemporary correspondence and documentation was often conflicting in detail and interpretation, the overall thrust of Arab and Regional independence was clearly understood both by Lawrence and the Arab leaders who on that understanding fought beside him and under his command.

Meanwhile and in practice, Britain and France were already assuming sovereignty over the Middle East and dividing it up between themselves. The impoliteness and scorn to which the Arab Delegation was treated at the Versailles peace conference in 1919 and the Cairo conference in 1921 was an added insult to a people for whom politeness and hospitality are paramount in their culture. Subsequent acts of aggressive British colonialism continued until after WW2, when America took over the implied role of world leadership. For America's role we can say nothing. But a "statement of regret" by Britain for past deception, and an assurance, backed by clear and decisive action, of no further interference in Middle Eastern affairs could go some way towards creating an atmosphere of peace between Britain and the Middle Eastern Arab nations and peoples. We might also find ourselves less of a target for terrorism.

Peace is mutual respect, between people, between government and people, and between nations.

People for Peace – Government for Peace – Britain for Peace
www.BritainForPeace.org

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