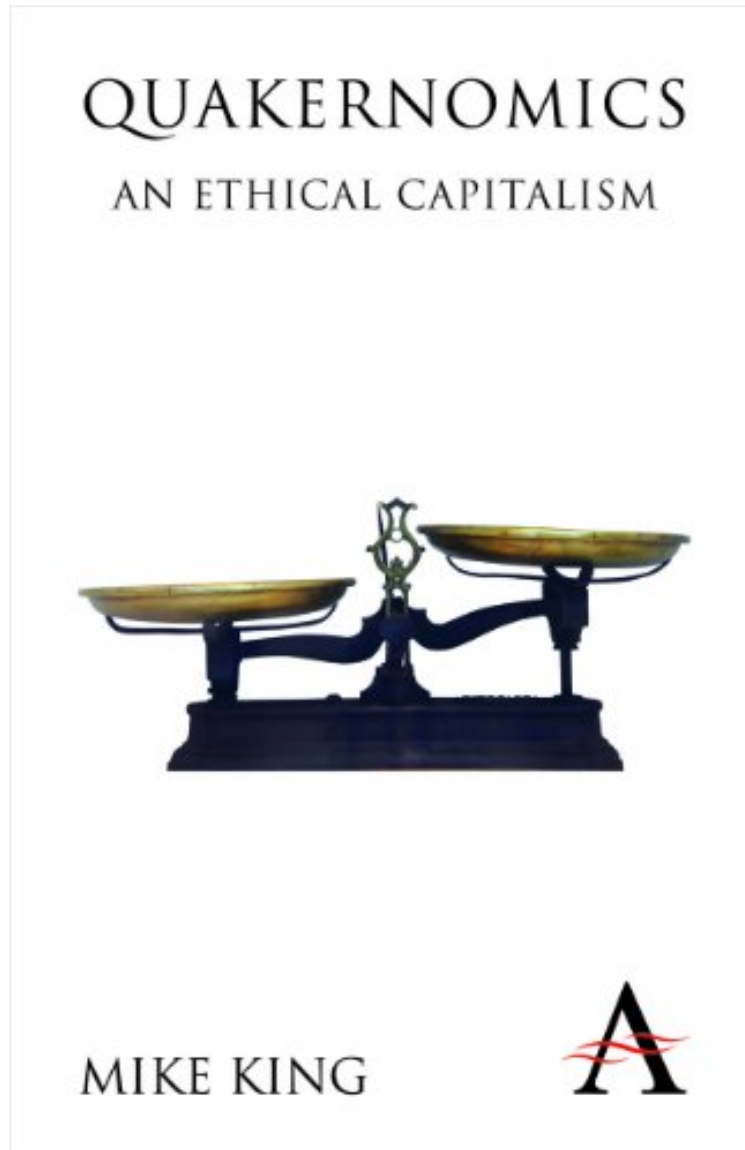


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# Quakernomics: An Ethical Capitalism (Anthem Other Canon Economics)

*Mike King*

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**Mike King : Quakernomics: An Ethical Capitalism (Anthem Other Canon Economics)** before purchasing it in order to gage whether or not it would be worth my time, and all praised Quakernomics: An Ethical Capitalism (Anthem Other Canon Economics):

1 of 1 people found the following review helpful. Did Quakers practice "Total Capitalism"?By Kirby UrnerVery cool that the author focuses on The Iron Bridge as an entry point, a science fiction novel about a time traveler sent back

from a future that's decided humans had industrialized too early, before their thinking had matured enough to handle it (witness the World Wars that followed). In this future, the planetary ecosystem is messed up beyond repair. Industrialization must be delayed. So she (the time traveler) is to sabotage the Iron Bridge, built by industrious Quakers who treated their workers fairly well. Hence the book's claim that Quakers not only practiced "total capitalism" (from foundry to factory to wholesale to retail) but did it in such a way as to give "total socialism" a run for its money, i.e. they treated their workers relatively well. Quakers reach in apogee in power and influence around 1781 when the bridge opens. Given their socially unpopular positions in the US, anti Indian Wars and anti slavery, their Quaker utopia (Pennsylvania) is already on the wane, but that's another story. This book is more about the UK and the difference Quakers made there.<sup>3</sup> of 4 people found the following review helpful. Quakers did more than just hunt Moby Dick

By Rusty G SATXI am not a Quaker but grew up around them and am an occasional "attender". Second, I have a graduate degree in economics. The author combines history, economics, and Quaker society into an excellent story. On rare occasions he is "cataloging" through notable Quaker businesses like the "begat" parts of The Bible, but just blow through those and you'll discover some new ideas.<sup>4</sup> of 4 people found the following review helpful.

Paternalistic Capitalism

By J. Mann This is a fascinating and informative review of the impact of Quakers in the industrial revolution, and a reflection on what this might mean in how we think politically and economically today. The book is divided into two parts - the first is a historic review of the economic impact of Quakers from their rise in the seventeenth century revealing their economic and financial importance through the eighteenth and nineteenth centuries and then their decline as an economic force in the twentieth century. Mike seeks to draw out the principles that led Quakers to economic success, these principles are what he calls "Quakernomics". The second part looks at theories of economics from the left and right of the political spectrum, and makes the argument that both are lacking in important respects, and that consideration of the principles of "Quakernomics" provides a way to create an "ethical capitalism".

What is Quakernomics? Mike looks at what characterises the Quaker enterprises in the eighteenth century - he argues they were innovative and hard working, they looked after their workers and paid good wages, they employed a model of what Mike calls "total capitalism", where a whole network of interrelated Quaker businesses worked together - industry, housing, farming, finance, communications, energy and so on, and they sought to be trustworthy and reliable, to always be able to pay their bills. If they fell behind in any of these areas, the local Quaker meeting was on hand to challenge the member and ensure they quickly corrected their mistakes. Mike argues that Quakers created a "cooperative" - in the sense of cooperating together - economy, with for example Quaker bankers able to offer other Quakers finance at lower than market rates to help innovate and develop their business. There is an impressive list of Quaker enterprises in a wide variety of areas - for iron we have the Darbys of Coalbrookdale but also we are told "Quakers owned between half and three-quarters of the ironworks in operation in the early eighteenth century". There is the Quaker Lead Company who mined and smelted lead, copper and silver who supplied the Royal Mint with silver. Robert Ransome produced agricultural equipment, and Quakers were active in railways (the Stockton to Darlington Railway was Quaker owned and was also known as "The Quaker Line") and canals, cotton (John Bright was a cotton manufacturer as well as the fourth Quaker to sit in parliament), wool, textiles, shoes (Clarks), matches (Bryant and May), science (John Dalton, Thomas Young, Luke Howard, Elizabeth Brown, Arthur Stanley Eddington), chemicals, pharmaceuticals, chocolate (Fry, Cadbury and Rowntree) and biscuits (Huntley and Palmers, Carr's and Jacob's), also lawyers, stockbrokers, accountants, merchants and banking (Barclays and Lloyds). This is a compelling story but there is a worrying lack of statistics, so that much of the argument runs on the basis of anecdote and example rather than firm facts and figures. For example it is difficult to know what percentage of Quakers followed the examples of looking after their workers that are given in the book. Similarly there is an impressive list of companies run by Quakers but do we really know how many in these Quaker "family" firms were really practising Quakers? Without any figures it is difficult to make a judgement on the claims made. After all there were other employers such as Robert Owen who looked after their workers - is it possible to say whether the percentage of Quaker employers who looked after their workers was significantly higher than the average? These broad claims that Quakers were more "ethical" than non-Quakers is particularly difficult to sustain as there are counterexamples also available. Marx talks about Quakers using child labour, the Quaker firm Bryant and May were the firm involved in the famous Match Girls Strike of 1888, and the banking firm Overend and Gurney collapsed in 1866 due to what could be regarded as unethical risk taking. Mike tries hard to argue these were exceptions but it shows Quaker companies were not always as ethical as he claims, and it begs the question whether the idea they were substantially different to other companies is really just wishful thinking? Not everyone who looked after their workers were Quakers, and there don't seem to be any figures to show it was more widespread in Quakers firms. Mike's description of the "total capitalism" of Quaker firms all working together might seem as if they are avoiding the dog eat dog ethos of competition and the market but an alternative explanation might be that they were operating as a cartel - hardly ethical?

In the second part Mike reviews economic theories to look at whether lessons learned from Quakers might take theoretical form. There is an excellent description of the tragedy caused to economies through the influence of the ideas of right wing economists such as Milton Friedman and the ideas of Hayek and Ayn Rand particularly through their influence in the USA. He makes an excellent point that economic freedom is not related to political freedom as these thinkers claim. For

Friedman, Hayek and Rand, Economic freedom is the removal of regulation for companies so they are free to do as they wish - no protection for consumers or workers - all that matters is that companies can make as much money as possible, if that involves lying to consumers and oppressing workers so be it, maximum profit overrides all other considerations - certainly they believe as little tax as possible should be paid, even though they still expect an operating infrastructure. As Mike points out, when the rich have large amounts of money they use it to corrupt the political system, though paying money to "think tanks" to support policies favourable to themselves, buying advertising, newspapers and media, giving money to political parties and even bribing politicians and the those in authority. Economic "freedom" in many cases can be shown to be the death of political freedom. Back in the 1970s when the UK had plenty of companies in public ownership and taxes were relatively high, there was still plenty of political freedom, people were free to go to protest and fight for causes, so the link to economic "freedom" and political freedom can easily be shown to be false. Nevertheless his characterisation of certain economic views seems unfair - Marx in particular gets treated rather like God in a Dawkins book - there are numerous asides against Marx throughout the book on usually quite poor grounds. For example Marx is said to be against commodities because he uses the term "commodities" and rather than "goods", hence he doesn't think of them as being good. This seems a weak argument and Marx's theory of value shows he certainly regards commodities as being useful, so why would he think something useful wasn't good? Marx wasn't against the creation of goods or commodities but argued their production and distribution was unjust because a small number of wealthy capitalists owned the means of economic production and hence made choices which ensured the economy worked for their benefit - for the few, rather than the benefit of the workers - the many. Marx's basic point against capitalism was that an economy that has great wealth and also great need yet is organised in such a way that the wealth cannot be used to meet the need is an economic system not fit for purpose. Similarly the "environmental" view is characterised through a fictional character wanting to go back in time and destroy Abraham Darby's furnaces (Maggie Foster from David Morse's novel *The Iron Bridge*). This idea of environmentalists being essentially Luddites who want us to all live in mud huts is very unfair to the important contributions to economics provided by environmental economists. Mike doesn't make any any mention in the book of this group of economists and to make matters worse he complains economists don't pay enough attention to energy supply - environmental economists certainly do! Mike identifies four "evils" of modern capitalism: unemployment, low wages, industrial hazards and environmental harm. These are certainly evils but why pick just these four? Many more could be added: discrimination, militarisation, sexism, nationalism and xenophobia, poor housing, poor diet, lack of access to education, lack of access to the law, media bias, massively unfair distribution of resources, extremes of wealth and poverty and so on. The problem with the four chosen is that they are all framed in a paternalistic context - they are "evils" that might have been addressed by having more kindly, ethical - paternal - employers. Yet even the Quaker businesses described in the book could not claim to avoid them - Darby did not care about protecting the environment and Bryant and May did little for industrial hazards (workers suffered from "phossy jaw") and were paid low wages. Mike is proposing an "ethical capitalism" which appears to simply be a form of paternalism - keep the existing system but treat people in a more ethical manner. Such paternalism doesn't address the systemic problems within capitalism - for example the drive for growth - if we define capitalism as the investment of private capital in an enterprise in order to achieve a return on that investment there are all sorts of issues not only in the length of time a private capitalist is willing to invest for, but how much risk they are willing to take and the sort of enterprises they are willing to invest in. Capitalism is not an economic model that encourages innovation for socially and environmentally worthwhile discoveries, it is focussed on short term profit, and whether the enterprises are socially and environmentally useful is irrelevant. Mike also doesn't address the militaristic implications of capitalism - having large defence industries seeking to maximise profits encourages the use of the military as a means of solving world problems. People laugh when the NRA says the solution to gun crime is more guns, but in effect that is western foreign policy since the birth of Imperialism. In fact the source of the problem is not the lack of ethics of the powerful, but the imbalance of power itself. Capitalism has an inherent feudalism within many of its structures and organisations - businesses of course, but also hospitals, schools, universities, prisons, mental health care, social work, the media, charities, religious groups - there are very few organisational structures which are not hierarchical, and many which have no way for those at the bottom of the organisation to change those who are at the top. A hierarchical system is inherently subject to exploitation of those without power by those with it. The answer to this structural problem is not a plea for those in power to behave in a more ethical manner, but a change to the structure itself. The experience of "Quakernomics" doesn't seem to show an ethical capitalism can avoid the evils of capitalism - time and again we see how Quakers suffer from the inherent injustices built into capitalism the same as everyone else. The attempt to put a human face on the machine of capitalism ultimately fails because capitalism is a system which seeks to perpetuate itself and a small number of the very rich, the Quaker family businesses were replaced by limited companies because they were larger and more ruthless, they understood the rules of the game better and so triumphed over those who didn't. However Mike's interpretation of the experience of Quakers in business is open to an alternative explanation. Increasingly Quakers and others opposed to unfettered capitalism came to realise the limits of capitalism and the need for regulation - elimination of child labour, minimum wages, health and safety, government investment in

infrastructure. Society increasingly operates through institutions to train and conform people to work the economy - prisons, hospitals, mental health care, social care, schools and workplaces themselves operate under a hierarchical feudal system in which prisoners, patients, pupils and workers are powerless to innovate and change the system they are subject to. Humanity needs innovation, but private capital is very limited in what innovation it will invest in - people probably have ideas for innovations every day that could improve the lives of ordinary people and look after our planet but unless they can be turned into a product that is low risk and returns high profits in the short term private capital isn't interested. As economist Mariana Mazzucato argues in her book "The Entrepreneurial State" private companies are very poor at investing in innovation. Mike says Quakers are opposed to revolution but Quakerism was birthed in revolution and is itself a permanent revolution - challenging our understanding of how communities can function. Rather than see the parochial Quakers of the eighteenth century as somehow exemplifying Quaker ethics Quakerism has at its heart a profoundly revolutionary ethic of how societies should function as non-hierarchical organisations. If there is such a thing as Quakernomics it is the economic reorganisation of society as a cooperative community that comes together to meet needs and provide resources for people to flourish, for differences to be respected and for the planet to be loved and cared for. It is said in our society we have a democratic deficit, yet Quakers take us beyond democracy. Even though democracy is preferable to the feudal hierarchies that dominate our present system, democracy itself has some failings and weaknesses - it can be the dictatorship of the majority, it can delight in populism and fail to listen to genuine concerns of minorities. Quakers look to a community in which even the minorities are included and considered, in which a conversation goes on between all sectors of society, according everyone respect as Children of God, and working together to produce a society with space for all.

Combining commercial success with philanthropy and social activism, *Quakernomics* offers a compelling model for corporate social responsibility in the modern world. Mike King explores the ethical capitalism of Quaker enterprises from the eighteenth to the twentieth centuries, testing this theory against those of prominent economists. With a foreword by Sir Adrian Cadbury, this book proves that the Quaker practice of *total capitalism* is not a historically remote nicety but an immediately relevant guide for today's global economy.

Fascinating, highly relevant and opportune, this book is a powerful exploration of history showing how ethical behaviour has been and can be an effective route to wealth creation and growth. *Carlota Perez*, author of *Technological Revolutions and Financial Capital* and Centennial Professor at the London School of Economics *Quakernomics* presents a refreshing new way of thinking about economic activity, one which links the pursuit of profit with social justice. *David Vogel*, Haas School of Business, University of California, Berkeley  
About the Author Mike King is an independent researcher and writer with wide-ranging expertise.