Howard Richards

Unbounded Organization and the Coming Crash

The coming crash may be humanity s golden opportunity to transition to post-economic society. Or it may be the beginning of endless misery, violence, confusion, ignorance parading as technocracy, repression and --what is worse-- ecocide.

I want to suggest that we cannot explain the crash, we cannot cope with it, and we cannot recover from it unless we understand it as resulting from essential features of economic society, and as calling for a post economic society.

In saying this I am not trying to start a new movement. There are already many movements with understandings close to what I will be proposing. Many promote practices like those I will be advocating: for example, the solidarity economics movement, many social gospel movements, many socialist movements, movements for reforming capitalism using ideas like Michael Porter´s idea of creating shared value , the ethical banking movement, the gift economy movement, communitarian movements, the economics of the common good, permaculture associated with Bill Mollison´s trinity love the earth love the people share the surplus, Gandhian movements… to name just a few of the growth points in contemporary culture that already exist. What I will be proposing is not a movement but a theory. The theory is designed for evaluating movements and practices in order to discern better what it is about them that helps to get humanity off the endangered species list and earth off the endangered planet list. Otherwise put: what it is about them that will liberate humanity from domination by economics. The coming crash is best interpreted as a demonstration that economics is a limited institution which does not suffice to complete the task of providing livelihoods for all.

To be sure we cannot get by without wise macroeconomic policies that do the best that can be done within the institutional framework that constitutes economics. Nevertheless, in the final analysis humanity needs to evolve to a higher post-economic civilization. Humanity needs to graduate to a wider form of thinking. The proposed wider way of thinking (named unbounded organization) treats its institutional framework as one framework not just among many others that are possible but also among many others that actually exist and function in the world. Other institutions complement economics and together they accomplish social goals that cannot be accomplished by economics alone.

This is not weird. It happens all the time. Mr. Jones is a dairyman who gets up early in the morning, milks his cows (or tends machines that milk his cows), and later the same morning sells his milk to a wholesaler, a division of the multinational Nestle. His livelihood is economic in the sense meant here. He makes a living selling something. Ms. Smith is a preacher; her livelihood comes not from sales but from offerings donated by her congregation. Cesar Chavez was a labour organizer in the early 1960s charging farm workers twenty five cents a week to organize them. His livelihood came from union dues. Sheila in Australia does permaculture. She and her partner Gloria are off the grid and they share a well with neighbours; they live mainly as new age subsistence farmers, and as members of a L.E.T.S. cooperative network. Karl is an astronomer. His salary is paid from his university’s endowment. Nareem in India is crippled and lives at home, doing what he can to help around the compound... His livelihood is conferred by his status as a member of a large close family.... On and on ...the roster of kinds of livelihood is ....well, you took the word right out of my mouth, unbounded.

(This theoretical tract is among other things answering Gary Becker’s and others’ attempts to apply economic analysis to everything whatever, with moves like those of Ludwig Wittgenstein in his later work. Wittgenstein called on us to open our eyes to see the great variety in the world.)

As an academic discipline economics should be part of a wider discipline called sociology. This point is hardly a new idea, since the great founders of sociology Emile Durkheim and Max Weber made it long ago. Amartya Sen and many others are advocating something similar now. . Thus my suggestions work at two levels: at the level of economics as an academic discipline, and at the level of “the economy” as it functions and malfunctions in the world. Both the academic discipline and daily life need to become post-economic (unbounded), and the coming crash may be –as I said above—a golden opportunity to make the needed transition.

Although I am using a somewhat novel vocabulary, nothing I am saying is new. I am reformulating some points Durkheim, Weber, Sen and others[[1]](#footnote-1) have already made concerning the desirability of abandoning any notion of economics as a science of its own. At a practical level I am underlining the undesirability of an economy that is disembedded from society (in Karl Polanyi´s phrase, echoed by his many followers, and also echoed by many who without using his vocabulary have thought similar thoughts.)

(Careful readers may have noticed a little inconsistency in my terminology: I include solidarity economics and the economics of the common good in my list of sample growth points, and then I say what we need is not economics at all, but something I will be calling and presumably will be explaining to be called post-economics. Anybody careful enough to notice this little terminological inconsistency should also be clever enough to reframe my thoughts to avoid the apparent paradox...)

I will be greatly relieved, although slightly embarrassed, if after I write this memo on the transition to a post-economic society using the spectre of a coming crash to motivate people to question economics itself in theory and in practice, then it turns out that no crash comes.

In any case for billions of people in the world economic collapse has already arrived. For them the economy is not working. At least half of my own acquaintances are among those billions. If the major media do not yet say there has already been a crash it is because they tend to see the world through the eyes of investors and entrepreneurs. They may sympathize with the majority, and they may take note of social indicators, but it is economic growth and gross product -- quantities of profitable business activity-- that officially define whether there is or is not a recession or a depression. Similarly, the word “crash” (a word that unlike “recession” and “depression” has no official definition[[2]](#footnote-2)) carries as its first connotation the stock market “crash” in the United States in 1929. Then –in the 1920s—as now, most people in the world, including my own family, were living even before the crash in an economy that for them had already crashed, even while the Gatsbys were enjoying the roaring twenties. The twenties, roaring for some, frustrating for many, were the time when my mother rarely spent more than a year in the same elementary or secondary school because her father, my grandfather, was constantly moving around the American West from the mines at Butte and Helena, to the shipyards at Seattle, to the spreading suburbs of Los Angeles, and so on, trying to find the steady employment that always eluded him.

What I have to say will be relevant to the fate of the majority even if the crash is not spectacular, even if there is no stock market decline to share prices commensurate with the dividends paid to shareholders, no runaway inflation, no flight from the dollar, no major wave of failures of giant corporations and financial institutions, no crippling rise or fall of the price of energy, no new and larger wave of Greeces and Irelands that need to be bailed out, no spread of Spain´s current disastrous rates of unemployment to the rest of Europe, no military or ecological disaster with economic consequences, no unemployment throughout the “developed” world rising to 1930s levels, no inability of the United States federal government to take out new loans at affordable interest rates to roll over its debts as they come due, or any other fireworks. When I refer to “the coming crash” in what follows the phrase is to be understood as referring to the continuation and deepening of the present quagmire even in the (in my opinion unlikely) event that there are no spectacular crises.

As I write this theoretical tract I am hearing on television the economic views of several mostly European and American public officials and scholars, including Christine Lagarde the managing director of the International Monetary Fund and Jim Yong Kim the president of the World Bank.[[3]](#footnote-3) The speakers on television do not conceal their fear that a crash is on its way, although perhaps one should except from this generalization a gentleman from the UK who while saying nothing about whether a global or a USA crash is or is not coming, uses his time to tout the UKs conservative government as a beacon of light showing the other governments what to do to make their nations competitive. While they do not conceal their fear that a crash is probable, they are saying that if governments act soon and decisively disaster can still be prevented by structural reforms.

This is my cue. What I am seeing on television is a sample of the common view that economic problems require solutions within economics. Dr. Lagarde, Dr. Jim Yong Kim and others are expressing their professional opinions regarding what the necessary economic solutions are. I see things differently. I think today´s economic problems have no economic solutions. Practical survival requires theoretical reframing. Let me work my way toward my thesis by commenting on what I am hearing on television.

By now everyone knows what the words “structural reforms” mean when they are pronounced by such people in such contexts. They mean encouraging business activity by raising its profits and lowering its risks. At a practical level they mean rolling back what is left of the welfare state. They mean privatizing what is left of the public sector. They mean taking tax burdens off the shoulders of investors and putting them on the shoulders of consumers. They mean breaking unions, freezing or lowering wages, and dismantling employment security. At an intellectual level, they mean remoulding the real world to make it conform more nearly to theoretical ideals of free competitive markets tending toward equilibrium and toward maximum welfare as defined by Pareto optima.[[4]](#footnote-4)

In short, they mean more of the same. Most countries have suffered a series of structural reforms starting around 1980. The insecure have become even more insecure than they already were. [[5]](#footnote-5) Wealth has become even more concentrated in the hands of the upper 1% than it already was.[[6]](#footnote-6) Worst of all: the carbon dioxide in the earth´s atmosphere is now over 400 parts per million and rising. More of the same can be expected to produce more of the same.

Nevertheless, on the contrary, advocates of ever more structural reform can make a plausible case that the causes of the present quagmire and the pending crash are to be found in the left of centre policies of the Barack Obamas, the Cristina Fernandez de Kirchners, the Jacob Zumas, and the Jose Luis Rodriguez Zapateros of this world. Thus it can be argued both that the problem is *too much* neoliberalism and that the problem is *too little* neoliberalism. Although I will be developing a critique of the arguments for structural reform I am hearing on television, my main conclusion will take neither side in contemporary neoliberal vs. centre-left controversies. It will instead suggest that it is best to understand the coming crash as the most recent and the most severe manifestation of dysfunctions that are inherent in modern economic society.

Something more radical is needed. As I have indicated by my short list of growth points, in many nooks and crannies around the globe something more radical is happening. Of course a lot depends on what one means by “radical.” Saint Francis and Mahatma Gandhi[[7]](#footnote-7) were not radical in the sense of violent, but they were radical in the sense of going to the root. They renounced materialistic individualism. They lived simply in intentional communities, serving God and neighbour in ways harmonious with the natural environment.

I will present my recommendations on how to think about the failure of economics and how to cope with it in a roundabout way. I will be discussing three explanations of the phenomenon I am observing; that is to say, the phenomenon of experts on television advocating more structural reforms.

But even before discussing explanations of the discourse I am observing I want to say more about the leading actor in the drama being enacted. The leading actor is not a human being. It is the institution already briefly mentioned called “the economy.” The economy is about sales. It is about exchange. It is about production for the sake of sale and sale for the sake of profit. This is the constitutive framework of the game people play whatever the formal definition of “economics” or “political economy” or “market,” or “the economy” may be. It is the core subject matter of Adam Smith´s *Wealth of Nations*, of Karl Marx´s *Capital,* of John Maynard Keynes´ *General Theory,* of Joseph Schumpeter’s *History of Economic Analysis,* of Milton Friedman and Anna Schwartz´s *A Monetary History of the United States 1871-1960*, and most other works in the intellectual tradition called economics.

The coming crash –the crash that for many has already arrived-- is a crash of the economy.

I need to say still more about what I mean by “the economy,” and why I contrast it with something that is not-economy I call “community.” In elaborating on what I mean by the term, and in explaining why the entity I designate by it is in crash mode, I harbour no intention of denying that worthy people called economists who may use the same term differently have many valuable and important things to say. Far be it from me to deny to them or to anyone the right to tailor their words to suit their thoughts. I only ask to be allowed to speak my message in my own voice, or, to play with a notion from Michael Bakhtin, to be allowed to borrow two fish from the sea of discourse, namely “economy” and “community,” to walk around a while holding them in a bucket of water so they will not suffocate, and to ventriloquize with them for a few pages before returning them undamaged to the deep and boundless sea of human speech from whence they came. My employment of these terms does not pretend to obey any lexicographic authority that would command everyone else to employ them as I do. Yet I am not idiosyncratic either. My uses of “economy” and “community” are firmly rooted in history, in economic and social theory, and in common usage. They position me to propose a three element thesis:

A. The cause of the coming crash of the economy is lack of community.

B. The best way to cope with the crash is to practice community.

C. The crash will be a golden opportunity for humanity to graduate to post-economic society.

“Post-economic” society is a synonym for unbounded organization.[[8]](#footnote-8) Both signify (D) Complementing the typical economic motives, self-interest and profit-making, with other motives; (E) Unlimited flexibility in inventing and reinventing institutions; (F) Alignment of all sectors to achieve the good of the community, also known as the common good.

Now, before making the first of three comments on what I am watching on TV, I insert a brief explanation of what it means to say (A) that the cause of crash is lack of community. Let us go back to the beginnings of the 1930s, not exactly to the stock market crash of 1929, but to the ensuing crashing of banks in 1930-1933. The monetary aspects of those events were carefully studied by Milton Friedman and Anna Schwartz in their *A Monetary History of the United States 1867-1960.[[9]](#footnote-9)* “…the central message of our *Monetary History*,” Friedman wrote elsewhere, “is precisely that monetary changes have an extraordinarily important impact on real phenomena.”[[10]](#footnote-10) In particular, Friedman and Schwartz found that the inept performance of the Federal Reserve (the central bank of the United States) made the depression worse than it needed to be. Getting the supply of money just right, neither too much nor too little, has an important impact on business activity; and in 1929-1933 the Federal Reserve allowed the supply of money to decrease at times when it should have taken measures to make it increase.

The Federal Reserve did not deliberately decrease the supply of money. Rather it inadvertently backed into a situation where the total stock of money in the United States (measured as the total of cash held by the public plus the totals the public holds in bank accounts) declined. One of the Fed´s usual practices, then as now, is to inject money into the banking system by discounting “bills” or “paper” (i.e. obligations signed by customers promising banks that they will repay their loans). This is a sweet deal for the banking industry because in effect the central bank loans them money at a lower interest rate than the rate the banks charge customers when they loan it out again –and it also has the net effect of increasing the money supply. What often happened in 1929-1933 is that the Fed did less discounting. The nation’s money stock got smaller when to encourage business activity it should have gotten larger. The reason why the Fed did less discounting was that banks were presenting it with fewer bills to discount. The banks had fewer bills to discount because they were making fewer loans. The dismal economic outlook of the time made customers reluctant to apply for loans because they were not confident they could use the loans to make money to repay them and in the process make a profit. It also made banks reluctant to grant loans because the banks were more than usually afraid that borrowers would default. At bottom, in economic society [[11]](#footnote-11) nobody makes a move to produce goods and services to satisfy other people´s needs unless there is money to be made. Since confidence that money could be made was shattered, people’s needs were not being met.

None of this was a problem for the Iroquois, or for the Inuits, or the Incas or the Aztecs, or for the Hindus living under the rule of *dharma* in the traditional Indian villages idealized by Mahatma Gandhi, or for the indigenous African peoples practicing *ubuntu,* or for the material practices of European peasants prior to the advent of capitalism chronicled by Fernand Braudel, or for the peoples around the world whose needs were met by customary reciprocity, redistribution, self-reliance, and simple exchange before the “great transition” to economic society chronicled by Karl Polanyi. They never got themselves into situations where they could not eat or clothe themselves or sleep in a bed without relying on production for the sake of sale and sale for the sake of profit. They had no stock markets, and therefore no stock markets that could crash. They had no banks, and therefore no fear that entrepreneurs would lack confidence in their prospects for profit-making; and therefore would be reluctant to apply to banks for loans that would increase the quantity of credit outstanding and therefore the money supply, and thereby stimulate business activity; and therefore create employment opportunities for the women and men in the lower deciles of socio-economic status. What Michel Foucault would have called the historical conditions of the possibility of unemployment did not exist for them.

Generalizing and simplifying over human historical experience, there is a tradition in sociology that teaches that before the rise of economic society people had something called community, and in some ways and to some extent people still have it.[[12]](#footnote-12) Adopting the word, and hoping readers can endure the suspense of waiting a few pages for my precise definition of it, I further hope that it is now a little clearer what I have in mind when I say that the cause of economic crashes is lack of community. For people living in the security of a strong community there are no crashes. Given that society has evolved in such a way that meeting the vital needs of all people depends on the profits of some people, and given that profit-making is inherently unstable, always subject to crises of confidence and crises of unpayable debts[[13]](#footnote-13) in the kind of society we have there will be crashes sooner or later one way or another, whatever may be the particular incidents that touch them off. These “givens” I call “lack of community” for reasons I hope will become clearer in the next paragraph when I comment on economic society´s first premise, and still clearer in a later paragraph when I define “community.”

Economic society is built on the premise that people act from self-interest. In the words of Adam Smith, “We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages,”[[14]](#footnote-14) where the “they” to whom Smith´s word “their” refers is people one approaches to do business with. The physical reality, however, underlying the social construction of any and all social realities, is that people do have necessities. They must be met one way or another. If they are not met there is trouble. Consequently, however high and however complex the towers may be that are built on the foundation that needs will be satisfied if and only if it is to someone´s self-interest to satisfy them, sooner or later the towers will come tumbling down.

There is no mention of these fundamental issues I am raising in Friedman and Schwartz´s *Monetary History.* The authors focus on showing that the depression would have been less severe if the Federal Reserve had compensated for the decline in discounting by using other techniques to inject money into the economy. I do not disagree with them on this point, although I do caution against exaggerating its significance.[[15]](#footnote-15)

Although I am treating economy and community as contrasting and complementary principles, asserting that the first will not work without the second, real world situations are invariably mixed. Consider, for example, a related book by Milton Friedman where he sets forth a plan for achieving monetary stability. His plan calls for a heavy dose of community, even though he himself does not put it that way. It calls for a benevolent organization devoted to the common good, namely the central bank. The benevolent organization is to do its part to keep the system stable by implementing regular and predictable increases in the money supply just sufficient to keep pace with economic growth –neither too much money nor too little.[[16]](#footnote-16) Further, Friedman and Schwartz document in their *Monetary History* how another big dose of community, administered by the Federal Deposit Insurance Corporation, cured an epidemic of bank failures. In the early 1930s bank failures plagued the country because depositors worried about the safety of their money. They were withdrawing so much money that banks were forced to close. The establishment of a public entity dedicated to the common good to insure bank deposits made depositors feel that their money was safe.

I promised to discuss three explanations of the spectacle I am watching on television. Here is the first. It is suggested by Michel Foucault´s idea that power creates truth.[[17]](#footnote-17) As Foucault documents in great detail, naked power is less effective than power clothed with bogus expertise that succeeds in passing itself off as science. It cannot escape notice that the speakers on television represent society´s most powerful institutions. It is also hard not to notice that the bottom line is that the free market structural reforms they advocate mean more lucrative business opportunities for the rich and (at least in the short run, and for sceptics like myself in the long-run too) belt-tightening for the poor.

I do not find this first explanation completely satisfactory for two reasons. First, even though from a sociological point of view one might say that a function of mainstream economic ideology is to legitimate market institutions, the legitimating could not be effectively carried out if there were not some genuine substance to the arguments deployed. The speakers on TV are not just making it up. They have the backing of empirical evidence and specious theory. Secondly, I do not believe that the structural reforms approach leading to greater inequality and more unregulated capitalism is in fact to the interest of the rich and powerful. If alternatives could be found that would lead to greater equality and to social and ecological sustainability without jeopardizing the productivity and other merits of the system now dominant, those alternatives would benefit the rich and powerful along with everyone else.[[18]](#footnote-18) To some considerable extent many of the richest and most powerful know this. Official documents often presuppose it. For example World Bank reports regularly cite higher Gini coefficients and unregulated environmental contamination as problems, not as solutions. Lower Gini coefficients and greener technologies are standardly reckoned as solutions, not as problems.

Having now briefly discussed the first of three explanations of the spectacle unfolding before my eyes on the Cable News Network, I now take up the second element of my thesis: the best way to cope with the crash is to practice community.

I want to define community in a simple way that facilitates practicing it. I attempt this in three steps: First I equate community with another concept that is also emblematic of a tradition in sociology, namely social integration. Second I dust off an old paper by Werner Landecker about how to operationalize “social integration” to measure it.[[19]](#footnote-19) Third I simplify Landecker as follows:

1. There is community where people speak to each other. (communication)
2. There is community where people help each other and work together. (functional cooperation)
3. There is community where there is consensus on basic norms. In the world today this criterion is partly satisfied for mainstream worldwide culture by the treaties and conventions ratified by nearly every government that define human rights. But only partly. Any given community needs standards for conduct in daily life, and duties as well as rights.
4. There is community where there is compliance with basic norms. Here the sociology of social integration overlaps with the psychology of moral development.[[20]](#footnote-20)

Now I feel a need to define “basic norms.”

I mean two things by “basic.” First: culturally accepted as basic. Actually existing cultures are the necessary point of departure for constructive change, and as Aristotle pointed out in his *Politics* it is dangerous to change norms (*nomoi*) quickly since their effectiveness depends on collective habits which are slow to mature and easy to lose. Second: physically basic. The basic norms are the ones that organize cooperation to satisfy basic needs, such as food. From a physical point of view many of today´s cultures must be reinvented because their laws clash with the laws of physics, chemistry, and biology. The possible must be synthesized with the necessary: Transform slowly because that is the only way to preserve cohesion and stave off chaos. Transform quickly before it is too late to save the biosphere.

A norm exists when:

1. There is a regular pattern of human behaviour.[[21]](#footnote-21)
2. Violation of the pattern licenses criticism and in some cases punishment.
3. People have internalized it and use it to guide their own actions.[[22]](#footnote-22)

Armed with these definitions I advocate more community in responses to the coming crash. I also advocate less emphasis on stimulus packages, none on structural reform[[23]](#footnote-23), more socialization of rents, more participation, more transparency, more solidarity, more public private partnership, more planning, and more national and local self-determination.[[24]](#footnote-24)

In contrast, the centrepieces of recent governmental responses to recent crashes have been stimulus packages and structural reform. In 2008 and also today governments, experts, and public opinion have been acutely aware that production is for sale and sale is for profit. When economic activity slows down, unemployment rises, and tax receipts fall (because taxable income declines), governments try to reverse the downward trend by stimulating the economy. For example, they promote consumer spending by cutting taxes. They aim to make investors and entrepreneurs feel confident that producing more in order to sell more will be profitable for them.

This mainstream approach is failing. I suggest that the first step toward solutions that will work is to reformulate the problems in a broader perspective. Think outside the box. From a narrow perspective inside the box the problem is that investors and entrepreneurs need more incentives and more guarantees to motivate them to create livelihoods. From a broader perspective the narrow perspective (the box) is itself the problem.

The problem can be reformulated from a broader perspective as one of governability. Society is now ungovernable because reasonable and just measures that ought to be taken for the good of people and planet cannot be taken. Why? Although this question (why what ought to be done can´t be done) no doubt has many answers, the one I have in mind is that nothing can be done that would clash with profit-making. In Michael Kalecki´s words: “Under a laissez-faire system the level of employment depends to a great extent on the so-called state of confidence.  If this deteriorates, private investment declines, which results in a fall of output and employment (both directly and through the secondary effect of the fall in incomes upon consumption and investment).  This gives the capitalists a powerful indirect control over government policy: everything which may shake the state of confidence must be carefully avoided because it would cause an economic crisis.” [[25]](#footnote-25) The ultimate victim of the necessity of carefully avoiding anything that would shake the state of confidence and cause an economic crisis is our mother earth, our habitat the biosphere.

Society is ungovernable because its vital functions, its capacity to generate livelihoods, depend too much on a single way to do things, namely: make things to sell and sell them for profit. There are many other ways to do things. Strengthening such other ways helps to make society governable because it lessens excessive dependence on one way to do things.

Looking now at community development at a local level, we see a way of doing things very different from producing for sale and selling for profit. We see people becoming motivated by a salient need: a need for wholesome sports for alienated youth, for a crime watch, a need to alleviate hunger in the neighbourhood, or a need to care for bedridden ailing seniors…; in some parts of the world we see a need to care for orphans whose parents have died of AIDS…. Then we see people getting organized, raising funds, enrolling volunteers, putting in-kind donations to use… Resources are mobilized to meet needs. This kind of local community development is just one category in a universe of potentially unlimited numbers of ways to do things that are different from starting with money, finding a profitable way to invest it, and ending with more money.

The coming crash will be a golden opportunity to make a transition because when the ungovernable machine stops working people will look around for alternatives. This is what happened in Argentina when all bank accounts were frozen in December of 2001 and nobody had access to their money. Alternative economics of solidarity, community currencies, and cooperation of all kinds that had been cultivated by culturally creative minorities suddenly attracted the interest of the majority.[[26]](#footnote-26)

So much for the practice of community as a path of transition. Now let us take another look at what the economic experts are saying on television. Given the impossibility of making a horse run ever faster by whipping it ever harder, and given the similar impossibility of forever reviving economic growth by making society ever more unequal and the lives of the people ever more precarious[[27]](#footnote-27), it is a challenge to explain their irrational rationality. They have not engaged proposals like mine to marry progressive macroeconomic policies to unbounded community organizing. They are still advocating structural reform.

The second of my promised three explanations of their discourse is that the claims they are making are confirmed by empirical evidence. To people like me, Joseph Stiglitz, and the members of Attac, participants in the neoliberal consensus can and do reply: “Everything you propose has been tried before and it did not work. The debate is over and we won. We won fair and square playing by the rules of the scientific method.” [[28]](#footnote-28)

Before formulating a general reply let me focus on a specific issue: minimum wage laws. The right typically argues that minimum wages harm the poor they are intended to help. They make it unprofitable to hire the poor by raising their wages above the market value of their contributions to saleable products. Because it would be unprofitable to hire them, they are not hired. The result is to leave out in the cold people who would be perfectly willing to work for a wage equivalent to the real value of their labour. The centre-left typically argues that the jury is still out. There is no clear evidence that employment goes down when legislation drives wages up. There have ensued many empirical studies attempting to settle the arguments by appealing to facts. [[29]](#footnote-29)

My view is that the right wins part of the argument and the centre-left wins a part too. The right wins because it is really true that minimum wage laws tend to increase unemployment. The real world is so complex and there are so many criss-crossing currents of causality that it is hard to establish proof beyond a reasonable doubt. Nevertheless as the evidence accumulates over the years it tends to confirm a principle that has a solid claim to being regarded as valid even before any evidence is gathered: namely, when the cost of doing business goes up, then –other things being equal-- there will be less business.

The centre-left wins a part of the argument too: wages in general are higher than they would otherwise be because of minimum wage laws. But let us put this to one side. What I want to discuss is the claim of the right that the debate is over and they won, and they won fair and square playing by the rules of the scientific method. Here what is relevant is that the right won --or at least it is clear to me that they won—on the issue whether minimum wage laws cause unemployment.

The right won because their empirical evidence confirms a conclusion that could have been deduced *a priori* from the constitutive rules of a pure market economy; namely, that such an economy cannot reliably deliver both high wages and full or nearly full employment. Keynesians who think differently used to have more influence than they have now. In the years after World War II some thought a social democratic version of capitalism could sustain both high wages and full employment; the experience of Sweden and a few other countries for a time seemed to confirm their optimism. Today neoliberals have successfully demonstrated to their own and my satisfaction and to that of their many followers that Keynesian optimism was mistaken. Social democracy and the welfare state are fading away even in Sweden. Some of us believe that the fundamental reason why social democratic projects have failed is that their projects were inherently unfeasible. They could only become feasible by transitioning to post- economic society as I am recommending in this memo.[[30]](#footnote-30)

I can generalize the point made with the example of minimum wage laws. The speakers on television really do have empirical evidence that countries that implement structural reform outpace countries that do not. The gentleman from the UK really can cite facts to bolster his prediction that London will someday surpass New York as a world financial centre, because it has rewritten and continues to rewrite its laws to allow financial institutions to do pretty much whatever their customers want them to do. Mexico really can, as Christine Lagarde says it can, attract more foreign investment than it otherwise would (other things being equal) by doing things like making labour more flexible and labourers less secure. Jim Yong Kim really can make a statistical case that countries become more competitive – they get better at taking business away from each other, and in the process deliver better goods cheaper to consumers-- by enacting structural reforms that make it easier, safer, and more profitable to do business there rather than somewhere else.

I return again to the need for a broader perspective, for less economy and more community. This brings me to the third and last element of my thesis: The crash will be a golden opportunity for humanity, as Buckminster Fuller used to say, “to graduate.”

I favour a constructivist version of scientific method. From my constructivist (or design science) viewpoint the problem to be solved is the construction of a governable society, one where democratic governments and civil society can proceed to design livelihoods for all in harmony with nature liberated from the systemic imperatives of pure capitalism. Let us begin with the principle that when the cost of doing business goes up, then –other things being equal-- there will be less business. Suppose then that our next move is to raise the bar for business, to require all businesses to do what the best companies already do, namely to deliver major tangible benefits on the triple bottom line of people, planet, and profits.[[31]](#footnote-31) (What happens to profits after well-managed companies earn them is a topic for another day, but let me now at least just reassure my Marxist friends that I do not believe that surplus value extracted from workers ought to be appropriated by a parasitic leisure class and spent on ostentation and amusement.)

Seen from this perspective, the greatest problem is not to be found in resource-and-talent-rich core economy of firms that at least could be socially responsible if they wanted to be, or would be responsible if they were compelled to be; and at most are already responsible, providing good jobs, paying taxes, using ever greener technologies, serving consumers well, contributing to the eleemosynary work of non-profits etc. Although it is true, for example, that McDonald´s is contributing to destroying the rain forests of Brazil, it is also true that if there were a way to make society governable so that raising the bar could be enforced, then there would be a way to compel McDonald´s to stop destroying rain forests. Indeed there would be a way to order the liquidation of McDonald´s, to dissolve it altogether. The greater problems (i.e. the greater problem facing the proposal to raise the bar for business, to make all companies do what the best companies already do) are found in two other places. First, the greater problems are found in the businesses so marginal that they cannot be compelled to be responsible, nor can they be persuaded to be responsible by public opinion. Consider a case where paying higher wages and higher taxes and paying for cleaning up environmental damage would turn the bottom line of a business negative, obliging the owners to shut up shop. For them raising the bar means ceasing to exist.

Second, greater problems are found among the majority of the people who do not have steady jobs working for a resource-and-talent-rich major or minor firm in the core of the economy. For them, or perhaps I should say for us, raising the bar means it will be even harder to get steady work. The employed will be better off than before, but there will be fewer of them.

Once again, this is my cue. My suggested first constructivist move is thus the move (partly by persuasion and partly by compulsion) to raise the standards for the social and ecological performance of businesses. I have argued that it follows as a consequence that there will be fewer businesses. When business enterprises are allowed to exist if and only if they meet high standards, then there will be smaller numbers of them. A transition to a successful post-economic society therefore depends on solving the in-some-ways-greater problems of the marginal firms and the marginal people. The former will cease to exist and the latter will be more numerous.

I must say more about “post-economic society.” I must explain why I think being “post-economic” means integrating the marginal into the community.

“Post economic” means “after economics.” Similarly “pre economic· means “before economics.” After one and before the other comes “the economy” or “economics.” Assuming that people understand well enough what “before” and “after” mean, the key to understanding my suggestion that it is helpful to think in terms of three historical epochs is to understand what is meant by “economic” or “the economy.· The economy is about sales. It is about exchange. It is about production for the sake of sale and sale for the sake of profit. This is the constitutive framework of the game people play whatever the formal definition of “economics” or “political economy” or “market,” or “the economy” may be.

In Adam Smith´s words in a society built around sales “We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.”

Underlying all three forms of society are the vital functions of the human body: the need for water, the need for air, the need for food, the need for safety, the need for health care, and I want to say also the need for social integration and the need for meaning. I suggest that the emotional and cultural necessities of human beings are also requirements of the human body as it has evolved through many thousands of years. Among the anthropologists who have argued that this is the case I particularly recommend Nancy Tanner.[[32]](#footnote-32)

“Culture” can be thought of as the ecological niche of the human species. Culture is the adaptive mechanism that has given humans an edge over species who adapt much more slowly by genetic mutation and natural selection.[[33]](#footnote-33) The three epochs, pre-economic, economic, and post-economic can be thought of as three epochs in the history of culture. Economic society is one form of culture among others. Here we can cite Max Weber, for whom *Gesellschaft* was one form of *Gemeinschaft* among others, as a precedent. It is that form of culture, that form of *Gemeinschaft*, where the constitutive rules of the dominant institution are those that organize sales in markets, famously summarized by Karl Marx as “ Freedom, Equality, Property and Bentham. Freedom! because both buyer and seller of a commodity, say of labour-power, are constrained only by their own free will. They contract as free agents, and the agreement they come to, is but the form in which they give legal expression to their common will. Equality! because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property! because each disposes only of what is his own. And Bentham! because each looks only to himself.”[[34]](#footnote-34)

In pre-economic societies there were a great many different ways to mobilize resources to meet needs. There was, however, a general trend: the general trend was to inculcate norms of reciprocity that prescribed that members of the community should act to meet the needs of other members of the community.[[35]](#footnote-35) These words of Jesus are a familiar example: "Then he will say to those on his left, 'Depart from me, you who are cursed, into the eternal fire prepared for the devil and his angels. 42 For I was hungry and you gave me nothing to eat, I was thirsty and you gave me nothing to drink, 43 I was a stranger and you did not invite me in, I needed clothes and you did not clothe me, I was sick and in prison and you did not look after me.”[[36]](#footnote-36)

In post-economic society needs, also known as necessities, come back into their own. Without forgetting Smith´s insight that self-interest is often a more powerful motivator than altruism, we take an unbounded approach to organizing that mobilizes resources to meet needs without assigning any limit or boundary to the kinds or sources of human energies that can be put to work for constructive purposes. We count on all the wisdom of all the ages, as well as all of the learnings of economic society, to achieve practical results: meeting needs. Needs coincide with rights, as in the famous phrase made popular in Argentina by Eva Peron, “Where there is a need there is a right.”

As a matter of ethics the right to a livelihood must be separated from the duty to find a buyer to buy what you to sell. You can have a duty to work in order to serve your fellow human beings in some way or other. But you cannot have a duty to sell. You cannot have a duty to find a buyer for your labour power, to find a job. There is no way that you yourself can guarantee a sale, i.e. a sale of your labour power, because a sale always requires another party, namely the buyer. As a matter of ethics and human rights, the marginal have just as much right to a livelihood as anyone else. The reason why they are marginal in an economic society is that there is no market for what they have to sell. The proper ethical conclusion is Amartya Sen´s: capitalism leads to mean streets and stunted lives unless it is restrained and supplemented by other institutions, many of them non-mercantile. [[37]](#footnote-37)

It is one thing for a post-economic society to be better than an economic society. Indeed it is better by definition, assuming that cultures are counted as better than other cultures when they adjust better to physical reality, because post-economics knows everything economics knows and more besides. It is another thing for it to be feasible at this point in history to make a transition from an economic society to a post-economic society. That is where psychology comes in. It is a psychological question whether people can be mission-driven, as distinct from money-driven. It is a psychological question whether people find meaning and fulfilment in their lives by committing themselves to serving others. It is a psychological question whether people are motivated by empathy, and another psychological question what the normal moral development of a human being is. To some considerable extent these psychological questions are questions about the physiology of the human brain and nervous system as they have evolved over millions of years.[[38]](#footnote-38)

It is, however, an economic question and an engineering question whether the prosperous core of the economy can keep running, with all the capital it needs to conduct its operations and motivate its staff, and at the same time recycle sufficient surplus to supplement the relatively small resources that the marginalized masses can muster on their own. The prosperous high-tech knowledge-intensive resource-rich part of the post-economy will also be called on to supplement the relatively resources that the poor themselves can contribute to the diverse (diverse to an unlimited extent, because we are talking unbounded organization) cooperatives and families and public works programs and churches and neighbourhood organizations and schools and orchestras and museums and sports leagues and hospitals and so on and on – all the institutions that integrate people into society even when it is not feasible to integrate them into the prosperous core.

The answer to both sets of questions, the psychological question and the economic /engineering question, is an unqualified “yes!” Regarding the psychological question, there is no psychological evidence that a normal human being is a Friedmanian solely-self-interested maximizer of utility measured by money. The overwhelming weight of the psychological evidence shows that normal human beings are social.[[39]](#footnote-39) To be sure, psychopaths are anti-social or asocial --but they are not normal. Regarding the economic question, the steady advance of science, including management science, is raising potential productivity to heights that make it clear that if we could only go post-economic, and liberate ourselves from domination by the economic machine[[40]](#footnote-40) while at the same time administering that machine to make it do well the things it can do well, then we could meet the needs of all in harmony with the environment.[[41]](#footnote-41)

I am saying that the new and ever newer technologies, including as we speak 3D printers that can print houses and cars and artificial photosynthesis ten times as efficient as natural photosynthesis, can bring a frugal abundance to all, provided that we collectively learn how to do unbounded organization.

These considerations lead inevitably to the further questions, “Why are economists so resistant to adopting a broad sociological perspective? Why don´t they get it?” In an attempt to solve this mystery I turn to the third and last of my explanations of a recent performance by some of the world´s most important economic leaders on television.

My third explanation is that economics as a field and economists as a profession have been bewitched by what Jeff Madrick has called Adam Smith´s beautiful idea. [[42]](#footnote-42) On this point I quote from Robert Solow´s presidential address to the members of the American Economics Association: “Ever since Adam Smith economists have been distinguished from lesser mortals by their understanding of and --I think one has to say—their admiration for the efficiency, anonymity, and subtlety of decentralized competitive markets as an instrument for the allocation of resources and the imputation of incomes. I think we all know this; for confirmation one can look at the results of a paper (James Kearl et al) presented at the last annual meeting, reporting the responses of professional economists to a sort of survey of technical opinion. The propositions which generated the greatest degree of consensus were those asserting the advantages of free trade and flexible exchange rates, favouring cash transfers over those in kind, and noting the disadvantages of rent controls, interest rate ceilings, and minimum wage laws.”[[43]](#footnote-43)

Adam Smith´s beautiful idea was that economics could be a science of self-regulating markets. Among Smith´s followers no one was more in love with his beautiful idea than Leon Walras. Having constructed a purely mathematical model deducing from its premises that there would be a welfare maximum when markets reached a state of general equilibrium, Walras calmly asserted that insofar as reality did not conform to his model, it was reality that should change: “...the equations we have developed show freedom of production to be the superior general rule; and, since the factors which interfere with freedom are obstacles to the attainment of this maximum, they should, without exception, be eliminated as completely as possible.”[[44]](#footnote-44)

My third explanation, then, is that economics as a way of thinking enchants its practitioners by the sheer elegance of its own intellectual coherence. Looking at the same explanation from a more sociological and less aesthetic point of view, economics structures the minds of its practitioners by the mental habits they form absorbing the immense quantity of interlocking concepts they must study in the process of becoming initiated into the profession. Let me end this memo by looking at one way in which this intellectual enchantment and/or professional initiation played out in the thinking of Milton Friedman.

In 1948 and 1952 Friedman and his co-author L.J. Savage published two articles on utility analysis that turned out to be seminal for Friedman´s later works, which in turn were seminal for the social construction of the neoliberal world order we now live in, which in my opinion is now mired in quagmire and headed for crash. [[45]](#footnote-45) Part of their argument was that human beings can be regarded as self-interested individuals seeking to maximize an admittedly rather abstract entity designated as their utility. More precisely, they propose as a hypothesis in the second of the two articles: “individuals choose among alternatives involving risk as if they were seeking to maximize the expected value of some quantity which has been called utility.”[[46]](#footnote-46)

The authors acknowledge that the evidence in favour this hypothesis is “meagre.” Nonetheless they urge its acceptance on two grounds.

The first is, “its coherence with the body of economic theory.” This ground is not likely to persuade those of us who find that the body of economic theory is disappointing when applied to community development, both because empirically it does not accurately describe behaviour and because rhetorically it does not charmingly bring out the best in human nature.

The second is convenience. The authors write, “Convenience may seem a slender justification; it is in fact it is an extremely important one.” They go on, “Aside from inconvenience need anything be wrong with the use of Roman rather than Arabic numerals; or with dropping numerical nomenclature altogether and replacing it with extemporaneous circumlocutions?” They argue that there is the same justification for articulating a concept named “utility” measurable in economics as there is for articulating concepts named “length” and “temperature” measurable in other sciences.

I believe, on the contrary, that a conception of human nature that emphasizes individualism, and which analyses human behaviour as if it were a matter of calculated rational choices to maximize utility (which in practice tends to mean maximizing utility as measured by money) is not convenient. When seen in the broad perspective of the functions of culture in generating social cohesion, meeting everybody´s needs, and organizing a sustainable relationship with the physical environment it is not convenient at all.

What is most discouraging about the discourse of the economic experts speaking on television, who are advocating structural reforms to prevent a crash, is not any particular view on any particular issue. What is most discouraging is the worldview[[47]](#footnote-47) their words presuppose.[[48]](#footnote-48)

FOR FURTHER INFORMATION SEE [www.unbounded](http://www.unbounded)organization.org

1. The others include me myself in my *Understanding the Global Economy.* Santa Barbara: Peace Education Books, 2004. Available as an e book. And in numerous works in Spanish, many at www.repensarl.cl. [↑](#footnote-ref-1)
2. One might ask why I persist in using the colloquial term “crash” when economists have given precision to the terms “depression” and “recession.” It is because I do not want to assume the institutional framework and the theoretical baggage embedded in their definitions. [↑](#footnote-ref-2)
3. CNN World News on the evening of Monday, October 13, 2014. The discussion was precipitated by that day’s unusually sharp fall in share prices on American stock exchanges. Lagarde particularly praised Mexico’s recent round of structural reforms. [↑](#footnote-ref-3)
4. Thus Arnold Harberger: “We do not live on the Pareto frontier, and we are not going to do so in the future. Yet policy decisions are constantly being made which can move us either toward or away from that frontier.” The Measurement of Waste, *American Economic Review* vol. 54 (1964) pp. 58-76, p. 58. [↑](#footnote-ref-4)
5. Guy Standing, *The Precariat.* London and New York: Bloomsbury Academic, 2011. [↑](#footnote-ref-5)
6. Thomas Piketty, *Capital in the Twenty-First Century.* Piketty traces the growth of inequality in recent decades as well as in earlier historical periods. [↑](#footnote-ref-6)
7. See Howard Richards and Joanna Swanger, *Gandhi and the Future of Economics.* Lake Oswego OR: World Dignity University Press, 2011. It is available as an electronic book on Kindle. [↑](#footnote-ref-7)
8. See the website [www.unboundedorganization.org](http://www.unboundedorganization.org) [↑](#footnote-ref-8)
9. Milton Friedman and Anna Schwartz, *A Monetary History of the United States 1867-1960.* Princeton: Princeton University Press, 1963. [↑](#footnote-ref-9)
10. Milton Friedman, *Milton Friedman on Economics: Selected Papers.* Chicago: University of Chicago Press, 2007. p. 125. [↑](#footnote-ref-10)
11. Fortunately, there are no pure economic societies. The Salvation Army, to take one example among many, continued to practice other values even in the midst of the Depression when business confidence was low, the stock market had crashed, and banks were failing. [↑](#footnote-ref-11)
12. David Minar and Scott Greer (editors), *The Concept of Community.* New Brunswick NJ: Transaction Publishers, 1969; Ferdinand Tonnies, *Community and Society. (Gemeinschaft und Gesellschaft)*. Mineola NY: Dover, 2011. (first German edition 1887). Max Weber gave the *Gemeinschaft/Gesellschaft* distinction a methodological twist, making it a part of the definition of sociology that its object of study presupposed community expectations *(Gemeinshandel)* as a prerequisite for the existence of social relations. More recently Amitai Etzioni has developed the concept in a series of writings. [↑](#footnote-ref-12)
13. One of the clearest and most readable demonstrations that this is the case is Rosa Luxemburg, *The Accumulation of Capital.* New York: Modern Reader Paperbacks, 1972. (first German edition 1913) [↑](#footnote-ref-13)
14. Adam Smith, *The Wealth of Nations.* Book I, Chapter 2. [↑](#footnote-ref-14)
15. A reviewer pointed out that Friedman´s tendency to exaggerate what can be accomplished by an optimal management of the money supply reflects belief in Say´s Law, the doctrine that in perfectly competitive markets every seller would find a buyer. Herman Kroos, Monetary History and Monetary Policy, a Review Article. *The Journal of Finance.* Vol. 19 (1964) pp. 662-667 at 667. Today the limitations of central banks are illustrated in Europe where central banks have cut discount rates to zero or near zero and nevertheless European economies are not reviving. (However Friedman differs from Say and Walras in that he does not expect market equilibrium to bring full employment, but only to bring unemployment down to what he calls its natural rate.) [↑](#footnote-ref-15)
16. Milton Friedman, *A Program for Monetary Stability.* New York: Fordham University Press, 1960. [↑](#footnote-ref-16)
17. Michel Foucault, *Power/Knowledge.* London: Harvester, 1980. See also Catherine Hoppers, Evelin Lindner, and Howard Richards, *Beyond Foucault*, forthcoming from World Dignity University Press. [↑](#footnote-ref-17)
18. Richard Wilkinson and Kate Pickett, *The Spirit Level: why more equal societies almost always do better.* London: Allen Lane, 2009. [↑](#footnote-ref-18)
19. Werner Landecker, Types of Integration and their Measurement. *American Journal of Sociology.* Vol. 56 (1951) pp. 332-340. [↑](#footnote-ref-19)
20. There is a vast literature on moral development. There are websites, graduate programmes, professional associations, and curricula in many school systems. Two leading authors are Lawrence Kohlberg and Martin Hoffman. [↑](#footnote-ref-20)
21. I exclude the common case where norms are ceremonially espoused but inoperative in practice. [↑](#footnote-ref-21)
22. This definition of norm is derived from the definition of “rule” given by H.L.A. Hart in *The Concept of Law.* Oxford: Clarendon Press, 1961. [↑](#footnote-ref-22)
23. Of course I mean no neoliberal structural reform. [↑](#footnote-ref-23)
24. J.M. Keynes advocated national self-determination on the ground that since nobody really knows how to solve society´s main problems, nation-states should be free to experiment. National Self-Sufficiency, *Yale Review.* Vol. 22 (1933) pp. 755-769. Mahatma Gandhi was an ardent advocate of national and local *swaraj* and *swadeshi*, i.e. self-determination and self-sufficiency. See *Gandhi and the Future of Economics* cited above. [↑](#footnote-ref-24)
25. Michael Kalecki, Political Aspects of Full Employment, *MRzine* for May 22, 2010, accessed on November 13, 2014. **mrzine**.monthlyreview.org/2010/**kalecki**220510.html This article was first published in *Political Quarterly* in 1943. [↑](#footnote-ref-25)
26. Howard Richards in chapter six of a book on Rosario, Argentina, “In the Neighborhoods” translated into English and available on line at [www.unboundedorganization.org](http://www.unboundedorganization.org). Original: Howard Richards, *Solidaridad, Participacion, Transparencia* Rosario: Fundacion Estevez Boero 2008.*.* [↑](#footnote-ref-26)
27. Guy Standing, *The Precariat: the new dangerous class.* London: Bloomsbury Academic, 2011. [↑](#footnote-ref-27)
28. For example, Andrei Shleifer, The Age of Milton Friedman, *Journal of Economic Literature.* Volume 47 (2009) pp. 123-135. [↑](#footnote-ref-28)
29. Some of the older literature is reviewed in Charles Brown, Curtis Gilroy, and Andrew Cohen, The Effect of the Minimum Wage on Employment and Unemployment, *The Journal of Economic Literature.* Vol. 20 (1982) pp. 487-528. [↑](#footnote-ref-29)
30. Howard Richards and Joanna Swanger, *The Dilemmas of Social Democracies.* Lanham MD: Rowman and Littlefield, 2006. [↑](#footnote-ref-30)
31. A new law in Argentina requires all large businesses to do triple bottom line accounting. [↑](#footnote-ref-31)
32. Nancy Tanner, *On Becoming Human.* Cambridge: Cambridge University Press, 1981. [↑](#footnote-ref-32)
33. James S. Boggs, The Culture Concept as Theory, in Context. *Anthropology Today.* Vol.45 (2004) pp. 187-209. Boggs sings my song when he writes that the anthropological concept of culture implies a Copernican revolution in the social sciences, relativizing their foundations in a liberal social order. [↑](#footnote-ref-33)
34. From volume one of *Capital* I: 6. [↑](#footnote-ref-34)
35. Alvin Gouldner, The Norm of Reciprocity: a Preliminary Statement. *American Sociological Review.* Vol. 25 (1960) pp. 161-178. [↑](#footnote-ref-35)
36. The Gospel according to Matthew, chapter 25, verse 41 ff. In the Christian tradition we owe to Saint Paul the extension of community to all of humanity. Similar precepts are found in other traditions, including secular philosophies, as for example in Emile Durkheim´s theory of moral education in which the highest stage of development is loyalty to all of humanity. [↑](#footnote-ref-36)
37. Amartya Sen, Sraffa, Wittgenstein, and Gramsci. *Journal of Economic Literature.* Vol. 41 (2003) pp 1240-55. P.1247. [↑](#footnote-ref-37)
38. Ian McGilchrist, *The Master and his Emissary.* New Haven: Yale University Press, 2011. [↑](#footnote-ref-38)
39. Although it seems arbitrary to cite a reference on an issue that has been studied by so many from so many points of view I mention the latter part of John Rawls *A Theory of Justice* called “the stability of justice.” Rawls reviews psychological evidence tending to show that if a just society were established it would endure because it would be supported by the people. Cambridge MA: Harvard University Press, 1971. [↑](#footnote-ref-39)
40. Another way to put this, using the terminology of the Grenoble school, is to ask if we can escape from the need to have if not one regime of accumulation (like the Fordist/Keynesian), and if not another (the neoliberal) then some third regime of accumulation. [↑](#footnote-ref-40)
41. Jeremy Rifkin, *The Zero Marginal Cost Society.* New York: Palgrave Macmillan, 2014. There are people who do not believe anything Jeremy Rifkin says just because he says it. However if you read the book and check the references you will find that his main point holds, namely: Science is on a roll and is increasing productivity so much that we must rethink everything we thought we knew about economics. Buckminister Fuller made similar points in a previous generation, saying that what they do not want you to know is that it is possible to meet the needs of one hundred percent of humanity in harmony with the natural environment. On the question where wealth accumulated in the past is now see Thomas Piketty, *Capital in the Twenty-First Century.* Cambridge: Belknap Press of Harvard University, 2014. [↑](#footnote-ref-41)
42. Jeff Madrick, *Seven Bad Ideas.* New York: Knopf, 2014. Adam Smith´s beautiful idea is the first of the seven bad ideas, and the other six are interpreted as consequences of it. The seventh bad idea is that economics is a science. [↑](#footnote-ref-42)
43. Robert M. Solow, On Theories of Unemployment. *The American Economic Review.* Vol. 70 (1980) pp. 1-11. P. 1. [↑](#footnote-ref-43)
44. Leon Walras, Elements of Pure Economics. London: Routledge, 1954. P. 256. (French original 1874) [↑](#footnote-ref-44)
45. Milton Friedman and L.J. Savage, The Utility Analysis of Choices Involving Risks, *The Journal of Political Economy.* Vol. 56 (1948) pp. 451-472; Milton Friedman and L.J. Savage, The Expected-Utility Hypothesis and the Measurability of Utility. *The Journal of Political Economy.* Vol. 60 (1952) pp. 463-474. [↑](#footnote-ref-45)
46. The authors protect themselves against criticism by formally allowing that a given person´s utility might not be selfish at all but pure altruism. Apart from this being a formal precaution rarely if ever carried over Into practical applications, it remains within the rhetorical frame of the economic actor. It does not support cultural resources like, for example, the *imago dei* in the human soul, *ubuntu,* or concepts of social responsibility. (On the concept of cultural resources see the work by Richards and Swanger previously cited.) [↑](#footnote-ref-46)
47. The use of the word “worldview” here was suggested by John Valk, Professor of Worldview Studies at the University of New Brunswick. [↑](#footnote-ref-47)
48. This paper was presented at the Annual Retreat of the South African Research Chair in Development Education in Pretoria on November 23, 2014. The author is Professor Emeritus of Peace and Global Studies at Earlham College in the USA. He teaches in the doctoral programme in management science at the University of Santiago Chile. [↑](#footnote-ref-48)