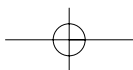
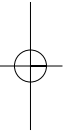
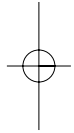


ONE WORLD, ONE WEALTH



ONE WORLD, ONE WEALTH

Exploring the possibilities of
Economics with Justice

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Principal, School of Economic Science



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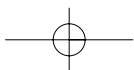
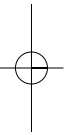
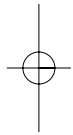
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CONTENTS

<i>Preface</i>	7
<i>Introduction</i>	II
One World, One Wealth	15
Opportunity Out of Crisis	25
World Without Want	47
Would You Sell Your Mother?	67



PREFACE

ALTHOUGH THE LECTURES that started this book were given by one individual, in no sense could they be considered as the work of one person. What they attempt to do is to express the ideas, views, thoughts and conclusions of the many students in the School of Economic Science who have taken the study of economics to heart in the context of studies in practical philosophy in the School.

The School caters for people of all ages from every walk of life on the basis that human life is a process of continuing education offering individual development towards peace, fulfilment and freedom. Work and study in the School is an adjunct to ordinary life, not an end in itself and the study of economics is no exception. What is undoubtedly lacking in specialised professionalism it is hoped to make up for in breadth of experience of life and sincerity of purpose. Economics, after all, is something that affects everyone whether they like it or agree with it or not. We venture to suggest that the collective experience and observations of lay people are every bit as valid to the science of everyday living as the deliberations of academic professors.

The fullest gratitude is due to generations of teachers and students in the School, particularly Mr Leon MacLaren who led the School from 1937 until his death in

ONE WORLD, ONE WEALTH

1994 and his successor, Mr Donald Lambie. Also among the elders to be appreciated and thanked are Mr Peter Green for his devotion to the study and exposition of justice in economics, Mr Michael Nash for his unfailing adherence to principle, the late Mr John Allen for his insight and rigour, Mr Roger Pincham for his liberalism (in the finest sense) and breadth of outlook and Mr Leslie Blake for his deep understanding of the subtleties of law and particularly the common law.

Building on the foundations laid by them, participants in the School's Economics Study Group centred in the UK but drawing on contributions from Australia, New Zealand, South Africa, the United States and several countries of continental Europe did most of the work that made the lectures possible. Such quality as there is, is due to them; errors and omissions are entirely my own. Thanks are especially due to Dr Peter Bowman for taking on the mantle of leading the economics studies in the School as well as for specific contributions to the content and to Adrienne Martin, Anna McLelland, Stephen Prendergast, David Goymour and Jean Desebrock for their indispensable assistance in reducing spoken lectures into written text in publishable form.

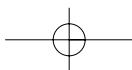
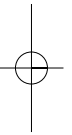
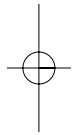
Work on Economics with Justice in the School has been paralleled by work on Earth Jurisprudence made possible by Liz Hosken and Ed Posey of the Gaia Foundation and immensely assisted by Carine Nadal who helped to formulate and crystallise many ideas that appear in these lectures. To them too, many thanks, as also to Jules Cashford for permission to use her translation of the *Hymn to Gaia* and to Maria Mercedes of the United Nations Harmony with Nature Dialogue and to

PREFACE

Linda Sheehan of Earth Watch Institute for the opportunity to offer these thoughts to a wider audience. Thanks are also due to the Globalisation for the Common Good Initiative and the World Public Forum Dialogue of Civilisations for opportunities to test the ideas in an atmosphere of exceptionally well-informed good will.

What really makes it all possible is the unfailing support of my wife, Jane, and daughters Eleanor and Lucie. There may not be much to show for all they endure, but at least there is something.

And finally, a moment of gratitude for the chance of life, the faculties of speech and thought and for the presence of an audience.



INTRODUCTION

ALL BUT ONE of the essays in this book began life as Annual Economics Lectures given as Head of Law and Economics in the School of Economic Science. Someone, somewhere, heard or got hold of them and the result was an invitation to speak at the United Nations Third Annual Dialogue on Harmony with Nature held at UN Headquarters in New York in April 2013 to celebrate Mother Earth Day. The text of that contribution begins this collection.

The purpose of the Annual Lectures is to explain the approach to economics adopted in the School of Economic Science.¹ The School is an entirely independent educational charity which looks on education as a life-long challenge to men and women to grow, develop and flourish as human beings. It is assumed that a natural and fulfilling human life would allow this and that the purpose of economic arrangements is to create the economic foundations that make this possible for everyone, everywhere.

Economics is therefore treated in the School as a distinctly human subject whose purpose is to release human creativity and potential. From that proposition a very short step leads to enquiry into human nature and into

¹ For more about the School see www.schooleconomicsscience.org.

ONE WORLD, ONE WEALTH

the means by which human beings can lead fulfilling lives. It quickly becomes evident that human beings are spiritual beings with spiritual and cultural needs as well as material requirements. Economics which fails to allow for this is bound to fail the humanity it is supposed to serve.

Out of these considerations two things followed in the School. The first was a prolonged enquiry into philosophy that still continues. Philosophy, simply regarded as the love of wisdom, which is what the word actually means, is taken to be a practical matter for application in everyday life. Such practical philosophy does not require great erudition and need not be particularly academic. It is simply a matter of taking simple principles and discovering how to apply them in daily life. These principles include developing the love of truth and justice as a guide to life; finding fulfilment through voluntary service; and learning and teaching so as to pass on and share whatever is discovered. It has been found that following principles such as these with help and guidance from great philosophers and wisdom traditions opens up the spiritual and cultural dimensions of life in a way that gives purpose to life leading to happiness and well-being. We call it practical philosophy.

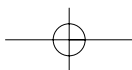
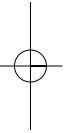
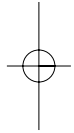
Central to this, as to many philosophical and religious traditions, is a realisation of the inherent oneness that unites all people and all beings at the deepest levels of human experience. This sense of unity, or oneness, can become a guiding principle for both individual life and social affairs.

The second thing that developed in the School was the use of criteria of justice as a guide to economics.

INTRODUCTION

Economics with Justice gives an ethical dimension to economics that calls much contemporary practice into question. Where evident injustices can be observed – such as opportunities or resources denied to some and made exclusively available to others – questions inevitably arise as to how to make economic opportunities universally available without injustice and how to adapt economic systems and arrangements to universal benefit.

These lectures take up and explore this theme, reflecting the work of students in the School over many years. If they have a distinctly philosophic tone, this is because we find that economics only really comes into its own when it has a philosophical underpinning to give it purpose, direction and humanity. Without those, economics becomes a tool by which the powerful and self-centred can harness economic forces to their own benefit without much regard to anyone or anything else. The aim of economics with justice is to offer a practical alternative.



Interactive dialogue of the 67th Session of the United Nations General Assembly on Harmony With Nature to commemorate International Mother Earth Day, UNHQ, New York, 22nd April 2013, Conference Room 3 (NLB)
10am to 1pm

ONE WORLD, ONE WEALTH: ECONOMICS, JUSTICE AND RIGHTS FOR NATURE

Ian Mason, Principal, School of Economic Science

I WILL BE SPEAKING about something that is close to my heart and is of the profoundest importance to humanity at the present time. I will be speaking about the essence of Man and the intimate relations between humanity and the Earth.

We are here, as the concept note bids us, to celebrate Mother Earth Day with discussions on economic approaches to harmony with nature in the context of sustainable development, and to further a more ethical basis for the relationship between humanity and the Earth.

In the School of Economic Science of which I have the honour to be Principal, we approach such discussions if at all possible by reference to major wisdom traditions. What we find is that in their different ways, apparently different philosophies and religions have common themes

ONE WORLD, ONE WEALTH

and understandings that each expresses in its own way. One of these themes is the idea of Nature and of natural laws that are inherent in both human nature and Mother Nature. Another is a sense of unity and interconnectedness between the human and the natural worlds; a sense that there are right and lawful ways to relate to Nature which if well understood and followed offer a natural way of living in harmony with Nature.

In the School we have worked with these ideas for a long time. We have also worked with the ideas of justice and equity, and the result has been to develop a view of economics that we call economics with justice. We adopt the view that justice is the ethical basis of economics and that the real measure of economic understanding is whether the outcomes of the policies and practices that flow from that understanding produce justice for all participants. Against that test, contemporary understanding and practice of economics leaves a great deal to be desired.

How do we know? We know because wherever we look we can see injustices, many of them produced by economic forces under human control. A brief survey of the global economy shows great accumulations of wealth alongside great poverty; we see consumption patterns based on exploitation of some for the benefit of others; we see our natural environment systematically undermined and destroyed to maintain profit margins; we see people dispossessed of their essential means of livelihood, their cultures swept aside and their children forced by necessity to leave their communities and engage, often at huge disadvantage, in the life of modern industrial production; we see the bounty of Nature, the reproductive

ONE WORLD, ONE WEALTH

power of seeds, the powers and qualities of plants, as well as land and the environment, reduced to private ownership in the pursuit of private gain. All these are symptoms of injustice and what we suggest is that injustice of this kind is a sign of economic laws either poorly understood or unjustly applied.

So what has this to do with Mother Earth? Most economics textbooks refer to the three main factors of production: land, labour and capital. Many of them then go on to discuss and describe economics as though land is no longer relevant, or at best as though it can be subsumed into capital and treated as though it were the same thing. But this is not so. Material wealth – the things we use to feed, clothe and shelter ourselves and to satisfy our material desires – and to create real or physical capital – has only one common source: it is all produced by human effort applied to land. Every single atom of material used for human production and consumption has its origins in the Earth. This was well known in ancient times, in the way that it still is today among many indigenous peoples. We hear, for example, from the Indian epic, the *Mahabharata*:

Earth, if its resources are properly developed according to its qualities and prowess, is like an ever-yielding cow, from which the three-fold fruits of virtue, profit and pleasure may be milked. If Earth be well looked after, it becomes the father, mother, children, firmament and heaven of all creatures.

Notice how, even from ancient times, the human interaction with Earth is described in terms of the most intimate of human relationships.

ONE WORLD, ONE WEALTH

We hear the same from ancient Greece, from Homer himself:

Gaia, mother of all, the strong foundation, the oldest
one,
I shall sing to Earth.
She feeds everyone in the world.
Whoever you are,
Whether you walk upon her sacred ground
Or move through the paths of the sea,
You who fly, it is She
Who nourishes you from Her treasure store.¹

You will not come across land described in these terms in an economics textbook – and the omission of this understanding of land from economics has devastating consequences. Land to many economists is a more or less abstract concept, often meaning only agricultural land as though somehow our cities, roads, airports, factories, homes, schools and conference centres exist in their own right as capital without any need for the land on which they invariably stand. Or otherwise, it simply becomes another commodity subject to the laws of supply and demand like every other commodity and able to be bought and sold like so many sacks of wheat.

But land is not subject to laws of supply and demand like every other commodity. The basic law is said to be that if demand increases, supply will also increase until equilibrium is reached. But even economists are coming to realise that this is not so with land. The supply of land cannot increase just because the human population, and

¹ From *Homeric Hymns*, translated by Jules Cashford: Penguin Classics 2003: this version by kind permission of Jules Cashford.

ONE WORLD, ONE WEALTH

therefore demand, increases. The only thing that can increase is the price of land because the supply is fixed – and that can only be sustained while the demand remains effective as the economic history of the last six years has demonstrated.

The result of this has been amply shown by Fred Pearce in his recent book: *The Landgrabbers*.² Wherever we look in the world: the Far East, Indonesia, India, Australia, Africa, South America, what economists call land is being privatised in just the way that it was centuries ago in Europe and North America – and it is being privatised in order to participate in the global economy with, as always, little or no regard for the local economies of the real living breathing loving people being displaced by the new landlords. The consequence of this is to allow private interests to deal with land and the environment as though they owe no obligations to the land itself, to Nature or to anybody else.

This calls for much closer examination than it generally receives because land is not merely an abstract commodity. It is in fact the whole natural environment, the supporter of all life of all creatures and the source of all material wealth for human beings. Whoever owns the land therefore, owns the means of subsistence of everyone and everything dependent on it. The owners of land are the owners of the environment and the masters of the economy. Yet little or nothing is done by governments and legal systems to ensure that they exercise this privilege with proper consideration for a much wider community.

2 Fred Pearce, *The Landgrabbers*, Transworld Publishers, 2012.

ONE WORLD, ONE WEALTH

Why should this matter? It matters because we are human beings and human beings are extraordinary creatures. We are extraordinary because we have immense creativity. We have the insight and power to enter into the intelligence of Nature, understand natural laws and even adapt Nature herself to our own ends, at least for a time: and we may do so as part of Nature, allowing for a mutually enhancing relationship like an intelligent mind in a healthy and vigorous body.

But we also have freedom of choice, freedom to make mistakes, and freedom to regulate ourselves. How to exercise that freedom is the critical question. Do we each exercise it for our own ends, or do we exercise it in the interests of a common good embracing all our fellow beings, seeing them as really no different from ourselves? Harmony with Nature seems to demand that we do so for the common good.

It matters also because, when land and Nature are recognised as the source of all material wealth and of much human wellbeing, the roots of the widely observed disparities between rich and poor become clear. They lie in the distribution of land ownership and the absence of obligations attached to exclusive occupation of land.

So what are the implications of this? Surely the first is that no-one can truly own land as a personal possession with no obligations to anyone or anything else. As intelligent and rational beings we have a responsibility to exercise our capacities with care for everything and everyone that may be affected by our actions. In English law, as in many jurisdictions, this is called the duty of care. Is it not time that we recognised that part of being human

ONE WORLD, ONE WEALTH

is to care for the land we occupy and pass it on in as good or better condition than we found it?

This is all very well in theory. Perhaps a universal attitude of care could be sufficient – but all human experience suggests that it is unlikely to be achieved in practice. Human nature may conceivably achieve perfection, but few human beings are born perfect or take the trouble to become perfect. We all have our faults and flaws. Lawyers and legal systems are used to this and have means of dealing with it. It is perfectly possible to establish and enforce a duty of care whether it is felt by individuals or not.

For example, nowadays we recognise the duty of governments to act ethically and with care for the governed. We also recognise that governments sometimes fail to do so. But by recognising individual human rights and providing for their enforcement through national and international courts it has been possible to restrain governments within an effective rule of law. We do this because the only way to curb unethical or inappropriate use of power is to place it under law and enforce the laws.

In relation to Earth, humans are powerful and capable of abusing their power. We may not be able to induce every human being to love the Earth, let alone every government or corporation, but we could restrain the worst excesses by recognising rights for Nature and enforcing them through laws. Hence the growing chorus of calls from around the world for a Universal Declaration of the Rights of Nature and the adoption of such codes in several jurisdictions. All of this tends towards recognising a simple duty of care for the Earth that may apply to individuals, corporations and governments alike.

ONE WORLD, ONE WEALTH

One purpose of this dialogue is to develop some proposals. The first thing economics with justice would propose is to introduce the test of justice into economics by measuring economic progress not only in terms of gross domestic product and economic growth, but more importantly in terms of the eradication of injustice. The real aim of economics is to establish justice and equity for the welfare of humanity and of the human relationship with Mother Earth and to make it possible for all human beings to flourish without harm to anything else. This is what is meant by economics with justice.

A second proposal is to recognise the duty of care for Nature and for each other as central to ethical economics and ethical ownership of land and environment. This can be given practical effect through recognising and enforcing rights for Nature just as we recognise and enforce human rights. In doing so the aim can be to build sustainable and flourishing economies offering progress with prosperity to all peoples without exploitation or misuse of Nature herself.

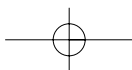
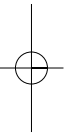
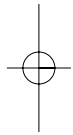
A third proposal is to recognise that all ownership of land, private or public, is at best only temporary possession and is a privilege which can only be sustained if attendant duties are observed and if necessary enforced. These include duties to keep land in good condition, and look after it well; to leave land in as good or better condition than we find it; and also to recompense surrounding communities for the benefit that private occupation of land confers on some and for that reason removes from others.

This could be accomplished, at least in part, by collecting an annual levy, based on the annual value a

ONE WORLD, ONE WEALTH

community puts on any particular piece of land and its usefulness. That value is readily expressed in the market value of land.

I venture to suggest that following these proposals through and adapting our understanding of economics accordingly could open the way to a more harmonious and lawful human relationship with Mother Earth and to a much more natural way of living for all peoples, everywhere.



OPPORTUNITY OUT OF CRISIS

2009

IN THE LAST two years¹ we have witnessed the breakdown of the economic arrangements which it was thought would offer us a future of unbroken economic growth, ever-improving living standards and ever more expensive houses. We now know that these were impossible dreams and we and our leaders meet the crisis with an uncomfortable mixture of confusion, fear, hope and fervent prayer.

What we are witnessing is the playing out of natural laws – laws which are inherent in the universe, in the nature of human kind and in the nature of economic activity: and the first cause of the present problems is that we have studiously avoided admitting that there are such laws – except perhaps for laws of the market – and completely avoided taking any account of them.

More than fifty years ago, Leon MacLaren, the founder of the School of Economic Science, in a lecture entitled *The Function of Economics*, spoke about these laws. He began by pointing out that we are entirely dependent on Nature for everything. All our food, all the materials we

¹ The lecture on which this was based was given in March 2009.

ONE WORLD, ONE WEALTH

use, all the places where we live and work, all of these are provided by Nature. And, he pointed out, they are provided without any consideration of persons. They are just there.

He added too, that the more sophisticated our civilisation becomes, the more dependent we are on Nature's generosity. If you doubt this, consider for a moment the effect of a failure of food supplies to London. Within days there would be riots in the streets, and within days thereafter there would be starvation and death as well.

Are we aware though that more than thirty-three countries round the world have experienced food riots in the recent past?² This dependence does not stop with food. A serious water shortage would precipitate even more angry riots and even quicker deaths.

Do we know how many people in the world now suffer from serious water shortages?³ How many see their children die because there is not enough water and what there is carries disease instead of life?⁴

Then there is oil. Did anyone get here this evening without assistance from oil? What would our lives be like if there were no power, no electricity to light our streets, homes, public buildings? This too is provided by Nature.

2 According to some, in 2013, food riots are becoming the new normal with the world food price index remaining at a level (210) which some experts believe is the threshold beyond which civil unrest becomes probable: www.theguardian.com/environment/blog/2013/mar/06/food-riots-new-normal.

3 According to USAID in 2013, two-thirds of the world's population is expected to be living under 'severe water stress conditions' by 2025: *Scientific American*, reproduced at www.salon.com/2013/08/04/global_water_shortage_is_getting_worse.

4 Unclean water causes more the four billion cases of diarrhoea a year which lead to roughly 2.2 million deaths, and most are children under the age of five: USAID *supra*.

OPPORTUNITY OUT OF CRISIS

Leon MacLaren pointed out that Nature gives us laws and also the ability to observe, reason and discover her laws so that we may live by them. He might have added that Nature's laws offer the prospect of freedom and prosperity for the human race if we will but learn to live with the dignity and goodness that the laws provide for.

Central to human understanding of Nature's laws is a sense of justice: and by this I mean justice in the purest sense; justice which intends the best for all beings, human and other than human; justice which, when observed, allows peace and prosperity to shine upon the Earth and illuminate human affairs.

He pointed out that the first of these laws is that Nature always tends towards balance, and when imbalances become acute Nature acts to restore balance. Imbalance is a sign of injustice. It is a sign that Nature's laws are being ignored. Among the forces that seem to overwhelm us now are the forces of Nature acting to restore balance.

Not long ago, I spent a several weeks in Africa, trying to discover a little about the rapidly disappearing traditional African culture – the culture of peoples who still live very close to Nature. I had the opportunity to speak to some traditional healers who had been trained over many years in African ways. Health, they told me, is a matter of balance. The function of the healer is to restore balance – to the body and to the environment which sustains the body; for if there is imbalance there, there will be illness for the people as well.

What, then, are the imbalances to which Nature is taking such offence today? Giving the Economist Inaugural City Lecture in 2009, Adair Turner, the chairman of

ONE WORLD, ONE WEALTH

the Financial Services Authority, described what he called the macro-economic imbalances of the global economy.⁵ He said:

At the core of the crisis was an interplay between macro-economic imbalances which have become peculiarly prevalent over the last 10-15 years – very large current account surpluses in oil exporting countries, China, Japan and some east Asian developing countries; and large current account deficits piling up in the USA, but also in the UK, Ireland and Spain. A key driver has been the very high saving rates in China; since these high savings are in excess of domestic investment, China and other countries must accumulate claims in the rest of the world.

Soon after that I heard the managing director of HSBC in similar vein: ‘We have to be absolutely realistic about the world we are in. There is a global imbalance – foreign lending is drying up; domestic lending is available but not enough.’ He added: ‘We need to rediscover that contracts are not values and that there is still room for principles like “my word is my bond”.’

But the financial crisis – serious as it is, and it is serious – is only the froth on a badly poured beer. The real crisis facing the world economy is much deeper than that and it requires much deeper thought and much more radical action than it is now receiving.

What we are enduring is a classic bust which was preceded by an equally classic boom of the kind that Gordon Brown, during his ten years as Chancellor, promised repeatedly had come to an end. As always, the key

⁵ Economist Inaugural City Lecture; Lord Adair Turner, February 2009.

OPPORTUNITY OUT OF CRISIS

indicator is the property market and particularly the housing market which is where household incomes go. As always, house prices rose as people began to feel prosperous again after the previous property crash in 1989. Family incomes increased and more and more of those incomes were poured into purchasing property. House prices went on rising until eventually the position was reached where rising incomes could no longer keep pace.

That happened in 2006 when the problems of first-time buyers came to the fore. This was the first imbalance to show itself – an imbalance between house prices and household incomes. It was bound to be corrected in due course and now it has been.

But there was a second imbalance that was carefully and deliberately nurtured as government policy. This was the imbalance between household income and household expenditure made possible by the consumer credit boom. These are weasel words if ever there were any. It was a debt boom fuelled by the insane belief that all debts would be repaid from rising house prices. In the UK it was our extended love affair with plastic cards; in the US it was the now infamous sub-prime mortgages (although there were more than a few of those in the UK and Europe too). But the effect was the same – a steep imbalance between earned incomes and actual expenditure.

Then came a third imbalance. The classic basis of the current collapse was aggravated and partly disguised by the fact that the entire global money and banking system has become closely tied to the property market. This was the effect of the deregulation and subsequent development of securitised debt instruments (which means debt secured against real property), and the system of

ONE WORLD, ONE WEALTH

distributing risk as widely as possible by packaging and selling collections of debts (that is, mortgages) secured against faith in ever-increasing property prices.

The collapse of the property market could not help but precipitate a financial collapse as well. As a result, banking systems in all the affected countries are no longer able to play their vital role in providing credit to the real economy, and probably worse still, in providing the supply of money that is the essential oil in the wheels of any modern economy.

The boom and bust of the stock market was also the effect of the debt-based money system combined with largely unjustified confidence in the assets of companies based on real estate values, and sometimes some very dodgy accounting. All this was fuelled by what Adair Turner calls 'irrational exuberance' – a sort of blind faith that because things have gone up in the past they will continue to go up forever.

But there is a deeper fuel to all this. It lies in a profound and irrational belief in something for nothing: that it is possible to make a profit without making anything else. This is the deepest illusion and probably the deepest imbalance of all, and, I am sorry to add, the economics profession is largely responsible for it.

In looking at all this, we are looking at the past. It has all already happened and its effects will play themselves out as they must. Governments and individuals can only do their best to mitigate the worst effects of the collapse. We have no choice but to go on living and working as best we can until the financial storms settle and the productiveness of economies is restored as eventually they will be.

OPPORTUNITY OUT OF CRISIS

In the midst of all this, it is easy to forget that the world was already in crisis before the financial crisis broke. There is a much deeper level of crisis which has not gone away just because sub-prime mortgages, toxic assets and bank failures have driven them from the headlines.

There is, in fact, a series of matters that continue to need urgent attention in addition to the financial crisis:

- the first of these is the endemic disparities of wealth and poverty across the globe and across national economies: here indeed is a serious imbalance that threatens the peace and security of the international community of nations;
- then there is the food crisis: how to feed a much higher world population than has ever been seen before without irreparable environmental damage that compromises the prospects of future generations;
- allied to this is 'peak oil': the fact that oil production is probably already as high as it can get and the future can promise only increasing oil prices, the effect of which we have seen in dramatic fashion;
- then there is the challenge of climate change which many prefer to think is not happening at all;
- lastly, and perhaps most deeply, there is the little recognised crisis of culture: the deep crisis in our understanding of who we human beings are and how we relate to the world around us. Without addressing that issue, it is almost impossible that we can reach sound conclusions on the others.

All of these issues touch on the real economy – the economy in which people work to produce the things

ONE WORLD, ONE WEALTH

they need from the materials provided by Nature. The financial crisis sits on top of them, just as the finances sit on top of the production of real wealth.

The crisis of culture is about how we decide what we need and how it should be shared. It was this pending crisis that turned the attention of the School of Economic Science from economics to philosophy many years ago. It is this crisis that philosophers, theologians, economists, writers, thinkers and people of good will across the globe are called upon to address with the utmost urgency now, because it is our culture that will determine the outcomes that we want, and it is what we want that will determine how we go about getting it.

Many have said to me recently that with the present crisis, the time for the economists has come. But this avoids the real issue and I entirely disagree. Now is the time for philosophy to show her true colours and to demonstrate that she has a real service to offer to humankind. Then it may be possible for economics to rise to its proper stature as a handmaiden to true understanding.

The first task for philosophy is to assert and demonstrate that human beings are not merely material beings and to show that we can live accordingly. It is philosophy that points us to the ethical and moral dimension of our human form; it is philosophy that tells us that we have a voice called conscience and that it is our place to listen to it. It is philosophy that explores our place in the universal scheme of things; that explores our capacity to inquire into our universe in all its aspects and teaches how to understand what we find. It is philosophy that creates the culture in which government, economics and business play their role. Philosophy which fails to speak out and

OPPORTUNITY OUT OF CRISIS

show us these things is failed philosophy. The call for philosophy now could not be more urgent.

This is not to say that economists are not responsible. Economics is as essential an aspect of philosophy as philosophy is of economics. This fact is almost universally ignored. But why is it said that economics is an aspect of philosophy? Because economics cannot function without at least two things. The first is a concept of what it is to be human, and the second is a clear set of values. Philosophy can supply both of these.

What values, then, does philosophy offer economics? Surely truth and justice must be among them. Truth to ensure that no proposition is taken as final, and nothing is left unquestioned: justice to ensure that the outcome of economic practice leaves Nature's balance intact. I would confidently assert that part at least of such justice would be to ensure that every last soul was able to receive as much as the bounty of Nature can offer.

The essence of the crisis of culture is this: economics has been allowed to rule the world on the basis that human beings are merely economic actors who can conveniently be treated as statistics. This concept of economic man has ruled the last hundred years or so. This is the concept that has shattered hopes and aspirations across the globe; driven people from rural homes into city slums and sweat-shop factories; sent farmers to suicides' graves and allowed frauds and criminals to thrive. It is true that it has supplied a wealthy middle class in the wealthy parts of the world, but not without profound imbalances and inequities elsewhere.

This has been made possible because economics was allowed to become a science without values. Its only end

ONE WORLD, ONE WEALTH

has been to increase economic growth and on the way to that end it has lost sight of some of its own realities. The first of these is the consequences of the proposition we started with – that human beings are entirely dependent on Nature.

Consider for a moment the significance of this. Our utter dependence on Nature makes us also dependent on land, which is all that gives us access to Nature and her bounty. No human being is exempt from this basic and most natural law. Yet in our wisdom we have parcelled out the land so that some may own it while others do not. The effect of this is to make the landless completely dependent on those who have land for their basic subsistence. They get it in exchange for their labour, which is all they possess that they can call their own. This is not the natural interdependence of people who are independently self-sufficient and equal partners in the business of life; it is an unhappy and undignified dependency of the weak on the powerful.

Bereft of land, labour can only assert its strength through numbers – and that was the source of the mass labour movements and revolutions of the nineteenth and twentieth centuries. And what is labour's strength asserted for? Why, to regain a toehold in the land – which is the source of the modern notion of property-owning democracies. Short of revolution and brute force, the way to this is for working populations to buy the land they live and work on from those who have the good fortune to own it.

This, of course, creates a second dependency. We all become dependent on the money-lender: that is to say, the bank or mortgage provider, and the best years of our

OPPORTUNITY OUT OF CRISIS

lives are spent working not to feed and educate ourselves and our children, but to purchase the property in which we live.

Meanwhile the power of numbers asserts itself in another way. We all want higher living standards and more material things. This is what led to the economics of mass production – producing all the things we have all been taught to want. But mass production requires high capital inputs and these are out of reach of the ordinary worker on an ordinary wage. So a third dependency is created – the dependency of labour on capital. Mass production needs expensive machines. In the nineteenth century the machines fed on men (and sometimes women and children), but as this became more and more expensive and less and less acceptable, they started to feed on oil and to lay the ground for another of our contemporary crises – peak oil.

But peak oil is a symptom of a deeper disease. It is necessary that we look more closely at the failures of economics.

I referred briefly to the idea of something for nothing. That is what interest on a loan is. That is what the rent that can be extracted from mere ownership of the essentials of life is. That is what the profit of owning capital and letting others use it is. It is unearned income in the sense that it is not earned by the person who receives it – which means that it must come from the earnings of someone else. Economics has singularly failed to make an issue of this, and that has allowed the culture to develop which reached its apotheosis in the now discredited hedge-fund culture of the modern era.

Such unearned incomes are collected in defiance of

ONE WORLD, ONE WEALTH

Nature's law and they create imbalance. The balance is restored by the collapse of the system that allowed it, which is what we are seeing now.

The real principle behind this, which again economics has failed to teach effectively, if at all, is that all wealth is the result of work and that playing with numbers on commodity markets and stock exchanges is not wealth-producing work.

Hand in hand with its failure to learn, or to teach this lesson, is the failure of the economics profession to tell the truth about money. The truth is money is not wealth, and nor is it a store of wealth. Last week someone gave me fifty million dollars but I am no wealthier now than I was before being given them. They were, of course, Zimbabwean dollars: two pieces of paper proclaiming that they were worth twenty-five million dollars each – and both with an expiry date. On the 30th of June 2008 they were, according to the economists, and presumably the Reserve Bank of Zimbabwe, a store of wealth: but on the 1st July the store was empty.

Money is no more than a token representing a claim on wealth. If no wealth is being produced, money is worthless. The collapse of currencies around the world demonstrates that this is so. A currency collapse does not cause the disappearance of a single atom of wealth, or restrain the availability of willing services. It merely changes the extent to which the holder of the currency can lay claim to these things.

It is one of the tragedies of our money-dominated culture that economics has lost sight of these simple principles, so that money-making and the accumulation of claims on the wealth produced by others have been

OPPORTUNITY OUT OF CRISIS

allowed to appear to be legitimate economic activities.

This has caused more imbalances. In the UK we have become economically so dependent on financial services that we have allowed our economic foundations in primary production – agriculture and manufacturing – to run down.⁶ Elsewhere, manufacture aims almost entirely to be of the high capital input, minimal human involvement kind, and industrial, mono-cultural agriculture is displacing bio-diverse smallholdings and peasant farms the world over.⁷

The opportunity: a new economic order

The crisis of culture offers us the opportunity, and demands of us, that we reconsider our economic and social arrangements in the light of these principles.

First of all, it provides the opportunity to place justice at the heart of economics where it belongs. Justice implies finding ways to ensure that the abundance of Nature is, and remains, fully available to everyone. Where Nature has to be sequestered and applied for private use to the exclusion of others there is a price to be paid. The price is the obligations that go with ownership or exclusive occupation of land. The first of these is to keep the land in good condition, to ensure that we leave it at least as well as we find it and better if necessary. This principle, incidentally, applies as much to the planet we inhabit as it does to any private landholding.

6 In 2010 manufacturing accounted for about 12% of UK GDP compared to about 30% in 1970. However, some might say that this is because as people become better off they spend more income on services and do not need more goods.

7 The UK produces about 60% of its food needs with less than 2% of its labour force: www.indexmundi.com.

ONE WORLD, ONE WEALTH

Another principle, just as important in the sight of justice, is to restore to the surrounding community the special benefit that private ownership and occupation of land confers. This objective could be achieved by finding ways to collect the economic rent of land for public purposes, perhaps by a system of taxation of land values – or simply of paying rent to the public purse for the privilege of private and exclusive occupation of land.

But collecting the economic rent of land has to be part of an adjustment to the whole approach to taxation. It has to be recognised that this rent is being collected already – but not, or not much of it, for the public purse. Indeed, it is probably the case that the collapse in values we have seen has been most devastating where people have relied most heavily on collecting it for private use – in the big banks and financial institutions.

Such a move would have to be accompanied by a progressive reduction in taxation in all other spheres, but particularly at the margins of production where industry and enterprise are least able to bear additional costs.

Here too philosophy has an important role. It would seem through the ages that a consistent feature of justice has been to consider all people as equal before the law. This does not mean that we are all the same – or that we all should lead identical lives or aspire to the same things. But what does philosophy say about the aim and purpose of human life in society? She has to say something or economics has no compass.

I venture to suggest that a few things could be offered of general application. The first of these is that the real richness of human life is spiritual, not material – and life

OPPORTUNITY OUT OF CRISIS

needs to provide for spiritual and cultural development as much as it does for material subsistence.

This requires a new attitude to work in the daily sense of earning a living. A new economic order would respect the dignity of work by admiring and valuing the quality of products and the quality of the people who produce them. As William Morris once remarked, 'Every improvement in the work men do is followed immediately and inexorably by an improvement in the men who do it.' But this means a retreat from the world of mass production and an advance of production by the masses. Certainly here in the UK, and probably also in the US and most westernised economies, there would be a return to the widespread practice of making things or growing things as the foundation of the economy.

Indeed, the present crisis seems to be bringing this about by itself. Some time ago the *Financial Times* reported that US seed merchants report a dramatic surge in sales of seeds of carrots, tomatoes and pepper plants. American households, it seems, are returning to growing their own. The newspaper also foresaw an imminent return to the 'Victory gardens' in Britain that helped to sustain the population during the war.

With real wealth production as the aim, attention would focus on the impediments to this kind of economy under present arrangements. The School has worked on this for many years. Why is it that it has become cheaper to manufacture things in the emerging economies of India and Asia? Many say it is because wages there are lower. But an honest and careful economist would have to question that conclusion, because he, or she, would recognise that wages are what workers produce. The

ONE WORLD, ONE WEALTH

product of work is the natural wage – so there must be some other impediment.

Here in the School, following the tradition of Henry George, we would direct attention particularly to the prevailing tax regime. Research in the School, for example, based on statistics supplied by the National Office of Statistics, showed that no less than 66% of the cost to an employer of employing someone is returned to the government through the tax system. In other words, the average worker in the UK enjoys a real standard of living whose real cost is only one third of the cost of employing them. Or in yet other words, the government by one means or another takes two thirds of what people actually produce.

The tax reforms already mentioned would go some way to alleviating this problem. The economics of the new era would certainly have the application and incidence of taxation as a central part of its studies and not a peripheral interest as it is now – if it is studied at all.

Of course, there is more to this than these bare statistics: for example, tax revenue is used to deliver improved standards of living, health care, pensions, and infrastructure from which everyone benefits and which are part of the wealth we share. But it is worth noting that this too creates an unhealthy dependency as more and more of the population becomes dependent on the bounty, not of Nature, but of the all-powerful State.

This separation of earning from benefit has another effect. It diminishes and weakens people because it diminishes their responsibility and their sense of their own worth and dignity. A new economic order based on a new economics would pay careful regard to these things

OPPORTUNITY OUT OF CRISIS

and restore a proper balance. Justice seems to imply the freedom and dignity of human beings and just economic arrangements would encourage and celebrate these things.

Alongside a renewed conception of the freedom and dignity of human beings would come an enriched and renewed respect for Nature. It would have to be recognised and fully understood that we humans are not mere consumers of Nature, but equal and creative partners in the miracle of life. As such we have responsibilities to Nature herself to ensure that her generosity is not abused and that her laws are honoured.

This revised understanding of our relationship with Nature would have a profound effect on the pending food crisis. Perhaps the most obvious lesson of Nature is diversity, and nothing could be more adverse to diversity than modern practices of agricultural monoculture and industrial farming. More and more studies are showing that these practices do not increase the production of food – they actively and seriously decrease it. It is true that yields of particular crops, like corn, or rice or beans, can be increased by these methods, but the evidence is that the gains do not compensate for the loss of other forms of food production.

The ‘bigger is better’ approach also has a debilitating effect on the more general human condition. Only comparatively few of us can join in the economy of big-ness as self-sufficient masters of our own destiny – and that again condemns the rest of humanity to undignified dependency. ‘Small is beautiful’ is an idea whose time has come.

These considerations also have implications for the world of markets, trade and exchange. Contemporary economics, the economics that have produced the present

ONE WORLD, ONE WEALTH

situation, assumes that economic growth will be achieved through the global operation of free trade and that everything finds its level in the market. Of course the economics of the market have a place, but there is an urgent need to reconsider what that place is.

Earlier I referred to the deleterious effect of considering people as mere statistics. This shows itself in the idea of a market in labour, as though people can be called into and out of production according to market demand. This is not true, for those very people are their own demand and always have their needs whether a market supplies them or not. Karl Polanyi⁸ championed the view that market economics has no application to human labour and that the aim of economic policy and practice should be to secure healthy occupation for everyone who needs it. The rebuilding of our economy on just and equitable lines requires careful attention to how this idea can be realised in practice.

Another of its implications concerns land, which Polanyi also argues is not the proper subject of market economics. The theory of supply and demand assumes that supply will adjust according to demand. But land does not obey this law. No more land is produced because there is a demand for it. The supply of land, in all but the rarest of circumstances, is fixed. The effect of market demand is only to increase the price of desirable land, not to increase its supply.⁹ Again, failure to recognise this and take account of it is at the heart of our present problems.

8 The Great Transformation: The Political and Economic Origins of our Time; Karl Polanyi, 1944, Beacon Press.

9 The illusion of an increased supply of land can be created by holding land out of use and releasing it on to the market when the price is right. The widespread practice of land banking is an example of this. The market, however, is in private claims. No new land is being produced to increase supply.

OPPORTUNITY OUT OF CRISIS

One key to a new economic order will have to be to make unused land freely available for use, and to encourage its optimum sustainable use. This will almost certainly mean a return to smaller-scale, highly productive farming practices firmly based in principles of organic, or natural, farming.

It is not easy from the heart of a great modern city to envisage a return to some bucolic rural idyll, if ever there was one to return to. But it is possible and necessary to say that when people stray too far from Nature, Nature will act to restore balance. That is what is happening now and the need to learn the lessons from Nature is more urgent than ever.

A new approach to a simpler and more natural economy also has implications for peak oil and the possible human contribution to climate change. I am simply not qualified to reach a final conclusion on the causes of climate change and decline to foist one on you. But even those who argue that its primary cause is sun-spots, and nothing to do with any human agency, do not seem to dispute that there *is* climate change and it could affect the way that we live.

Personally, I do not see why human activity should not contribute to, if not actually cause, climate change. But even if we are not causing climate change, and even if there is no climate change, it is still the case that human activity is polluting the atmosphere and causing human illness and destruction of species; it is the case that we are destroying forests, which is demonstrably affecting water supplies and weather patterns if not the climate itself; it is the case that we are debasing the soil that our agriculture depends upon; it is the case that we are polluting

ONE WORLD, ONE WEALTH

rivers and even large stretches of ocean so that they no longer support natural eco-systems; and it is the case that we are using up non-renewable parts of the Earth, especially oil and coal, at a phenomenal rate.¹⁰

All this is sending clear signals that we have to adjust and rethink our economics and ways of life. That opportunity remains with us, and the need will still be there when the dust of the financial collapse has settled. We can find ways to use less fossil energy and more readily renewable human energy. It may be, as President Obama insists, that we will harness the sun and the winds and the soil to fuel our cars and run our factories. But it may also be that we can learn to be far less dependent on our cars and our factories and in doing so can learn to live much more closely and harmoniously with Nature and her laws.

It may even be that we have to: because cars and factories and their products are using up the resources of nature wherever the energy to power them is found. We simply cannot maintain that unsustainable ways of life are not for negotiation.

Addressing these also brings us to the present disparities of wealth and poverty. The root cause of these is the failure to recognise the impact of the economic rent of land and the failure to collect it for public purposes, combined with the privatisation of land in such a way as to force some people to work to provide wealth for others. It is no accident that China, Africa, India and South America are all suffering troubles over the privatisation

¹⁰ World oil consumption increased from 59,928 million barrels in 1980 to 87,356 million barrels in 2011. In the same period coal consumption more than doubled from 3.75 million to 8.1 million short tons per annum.

OPPORTUNITY OUT OF CRISIS

and re-allocation of land. Invariably the effect is to transfer the economic rent of land from the place where it is generated to somewhere else, often a private bank account. There can be no equitable distribution of wealth until this abuse is remedied.

It is not easy to envisage the details of a new, reformed and healthy economic order but it may be possible to discern some of its bolder outlines. It seems to me that such an order would be less dependent on international trade than the present one – especially in the immediate products of the soil. Food security, and probably energy security, would be a much more local affair, with populations relying on local production for their basic needs. Farming would be aimed first at local sufficiency rather than international markets. Manufacture, or at least a large part of it, would be the province of small-scale crafts-people rather than mass production factories. Credit and finance would be directed to supporting these two, rather than to being an end in itself. Mass employment would give way to small or intermediate-scale cooperative enterprise where self-employment and self-sufficiency were regarded as the norm. International trade and travel would no doubt continue – we cannot and need not turn the clocks back to some pre-medieval isolation – but perhaps its purpose would be more cultural than commercial.

Education would have to change too – and I have not said much about education which is in fact central to all this. No longer would we speak about educating people for the jobs market. We would educate people for a full and healthy life of responsibility, creativity and personal fulfilment. In doing so, the first concern would be to

ONE WORLD, ONE WEALTH

respect and even revere Nature as the bountiful mother who supplies all our needs.

The opportunity presented by the present crises is to make the right choices that will affect the long-term future for ourselves, our descendants and our planet. Many of the prescriptions that we read in the newspapers are about how quickly we can return to business as usual; how soon we can return to the myth of sustained economic growth and once more rising house prices. Most of them admit to the need for a more carefully regulated banking and financial system with more controls on the spread and dispersion of toxic assets. There are not many who dare to contemplate a whole new economic order.

But that is the real choice we face. We can, if we choose, rebuild the crumbling edifice of contemporary economics – and it will have the same faults and weaknesses as before with minor variations. The real opportunity is to rethink the entire architecture of economics and build a new economic order that conforms much more closely to Nature and her laws.

To do this, idealism would have to triumph over cynicism, spirituality over materialism and hope over fear. These are some of the challenges and possibilities before us. I only hope we have the courage and imagination to meet them.

WORLD WITHOUT WANT

2010

*You never change things by fighting
the existing reality. To change some-
thing, build a new model that makes
the existing model obsolete.*

Buckminster Fuller

IN THE School of Economic Science we do our best to speak the same language in bad times as in good. Throughout the boom years from 1998 to 2007 the School consistently called for a new understanding of economics which could result in a much fairer distribution of wealth, less harm to the planet, free but fair trade, honest credit, a revised relationship with land and environment and a renewed sense of human dignity, idealism and potential. In 2003 students in the School formulated and published the Waterperry Declaration boldly asserting:

People prosper where justice and equity are honoured. Today a fifth of the world's population lacks the means to feed itself. This injustice and inequity will be resolved when the recognition of our common humanity becomes the foundation of our conduct.

The Declaration pointed out that there were then 820 million people in the world suffering malnutrition or

ONE WORLD, ONE WEALTH

starvation, whilst in other places there were considerable surpluses of food. People went without, even as their own countries sent food abroad. Countries were importing food, even as their own producers fell into poverty.

In some countries, poor government was creating conflict or corruption which together with ecological damage made the poor even more vulnerable to disaster. Meanwhile the exploitation of new technologies threatened to upset long-established relationships between communities and the natural world. The opening of developing markets to international trade was seen to secure neither prosperity nor social harmony for those living in them.

At the heart of all this, exploitation of political power and of control over resources, combined with an unwillingness to address market failure, was endangering our entire world.

In 2007 we witnessed an economic collapse which did indeed endanger our entire world and probably still does. While those events raised serious questions about the viability of economic practices at all levels, what we now see is a desperate rush to restore what was lost with as little amendment as possible. Sadly, in the process the number of people suffering severe malnutrition or starvation has risen to over one billion while many millions of others face hardship and deprivation.¹

The opportunity to put an end to this is always available. What really matters now is to open up to the possibilities that a new economics based on principles of

¹ The UN Food and Agriculture Organisation reported in October 2012 that nearly 870 million people were suffering from chronic under-nourishment in 2010-2012. This is a decline from 18.6 to 12.5% of the world's population since 1990-1992. The increase in hunger between 2007 and 2010 was less severe than previously thought.

WORLD WITHOUT WANT

justice and equity can offer and see how they can be realised. This will not happen without concerted effort and considerable determination, but if we can summon the courage and vision to recognise these possibilities in our own minds then new understanding can flow into our social and economic arrangements to the benefit of the entire living world.

This last concept – the entire living world – is all-important. It is only just dawning on the modern consciousness, under the influence of recent advances in scientific understanding, that the world we live in and the biosphere which sustains every aspect of human life is in fact a self-organising system with many, if not all, the properties of a living organism. This is the conclusion of the well-researched and well-attested Gaia theory and of recent advances in systems science.² We can no longer think of ourselves, the human population, as somehow abstracted from a mechanical universe when we recognize that in reality we are a component part of a much larger living and responsive system.

This realization brings an immediate humility and new direction to human thought. We can no longer afford to regard ourselves as masters of the universe or to direct our economic affairs as though we were. In fact we are a highly developed and specialized part of a much greater whole; the task before us is to come to a new understanding of what our role is and how it may best be played. Our recognition of a common humanity is of the greatest importance in this, but to recognise a greater wholeness is even more so.

² See for example the State of the Planet Declaration of the 2012 Planet-Under-Pressure Conference, London, March 2012.

ONE WORLD, ONE WEALTH

Such humility and sense of wholeness brings with it an awareness of our own immense power to affect the systems of which we are part. In the space of only ten thousand years the human race has had more impact on the face of the Earth than any other creature or combination of creatures. We have learned to clear forests and cultivate savannahs; to stop up and divert rivers and river systems; to mine the depths, to engineer soils and living organisms; to harvest lakes and oceans; and until recently we have thought we could do so without restraint and with impunity. The time has come to apply our new understanding so as to forge a new and mutually enhancing relationship, including in particular our economic relationship, with the wonderful life of the planet we live on.

We could begin with learning to love ourselves for all that is best in being human. We can rediscover our capacity to care for each other and for our surroundings, and to put our sense of care before any self-interest. This is why justice and equity matter and why people prosper where these principles are honoured. They are expressed in our sense of care, our love for our fellows and for nature, and our unity with them

In this spirit, when we turn to the world of economics, we see that we are engaged not merely in some process of extraction that may end in a certain satisfaction, but in a process of transformation which is in fact a cycle that celebrates life and creativity. Seeing this, we can readily adapt agriculture and industry to reflect this understanding. In many places it is already happening, and in some it has never ceased. New initiatives and experiments are taking place the world over consistent with, and in many

WORLD WITHOUT WANT

cases based on, principles such as are advocated here. They range from transition towns in Devon, and London Boroughs like Lambeth and Camden, through revived small-hold horticulture in India and elsewhere, to serious proposals for monetary and financial reform.

In the School we would certainly add to all these possibilities one observation: that at every turn economic life begins and ends in the natural environment represented by the land surface of the Earth. More than anything else it is the relationship with land that determines the effects and success of economic arrangements at all levels, from the simplest food gathering and cultivation to the most complex financial sophistications. The respect and humility born of a new understanding of the world we inhabit offers the prospect of a new, kinder understanding of economics with power to enrich all aspects of human life while playing an enhancing role as part of nature herself.

One person who was fully convinced of the need for and possibility of such a revised view of economics was Dr E.F. Schumacher, author of the famous and influential book, *Small is Beautiful*. One chapter was devoted to speculation on what an economy based on the philosophy of Buddhism would look like. Schumacher's view was that it would not look at all like an economy based on the economics of maximised production and consumption because its philosophical foundation would be completely different.

As Schumacher puts it: 'The Buddhist point of view takes the function of work to be at least threefold: to give a man a chance to utilise and develop his faculties; to enable him to overcome his ego-centredness by joining

ONE WORLD, ONE WEALTH

with other people in a common task; and to bring forth the goods and services needed for a becoming existence.

... the Buddhist sees the essence of civilisation not in a multiplication of wants, but in the purification of human character. Character, at the same time, is formed primarily by a man's work. And work, properly conducted in conditions of human dignity and freedom, blesses those who do it and equally their products.

In Schumacher's view, Buddhist economics would be '... the systematic study of how to attain given ends with the minimum means.' And he adds, '... since consumption is merely a means to human well-being, the aim should be to obtain the maximum of well-being with the minimum of consumption.'³

In the School we would add to this the importance of access to the naturally occurring materials necessary for all forms of agriculture and industry.

In the UK we live at the sophisticated end of the economic spectrum where the underlying importance of land is not always quite so obvious. According to the UK Department for the Environment, Food and Rural Affairs (DEFRA) agriculture accounts for less than 0.9% of the UK economy, although agricultural land accounts for more than 76% of total land use.⁴ Services ranging from wholesale and retail through financial services to education and health account for 76.2% of our economy and industry and manufacturing for 22.8%.

Nevertheless, it remains important to give full attention to the food economy. It is easy in the UK to forget

³ E.F. Schumacher, 'Small is Beautiful', 1973; Chapter Four, Buddhist Economics.

⁴ Food Matters: www.cabinetoffice.gov.uk.

WORLD WITHOUT WANT

that food production accounts for the livelihoods of more than half of the world's population. In addition, no economy can succeed which cannot feed its population. That is what defeated the Soviet experiment in the 1980s and without due care it could just as easily defeat the experiment in global capitalism.

The UK food industry as a whole accounts for 7% of UK national output and 3.7 million jobs. Food is Britain's largest manufacturing sector. Britain produces 60% of its own food although the proportion is falling – but in the 1930s it was only 30%. However a Cabinet Office Report which resulted in DEFRA's new food strategy for the next twenty years reports that consolidation of manufacturing sites, distribution centres, higher truck load factors, faster order-to-delivery times and ever lower stock levels make for an ever leaner food supply.

The government rightly sees this situation as less than satisfactory. Not only are we dependent on overseas production for the remaining 40% of our food production, we are also increasingly dependent on overseas production for the oil, coal and bio-fuels that make it possible for so small a proportion of our population to produce such a high proportion of our food. Food security and resilience to external shocks have become high priorities for government for good reason.

The first of these reasons is drought.⁵ In 2009 countries that account for two thirds of the world's food production experienced severe drought conditions. These include China, Australia, much of Africa, Brazil,

⁵ The National Geographic Society predicts that by 2025 1.8 billion people will live in areas plagued by water scarcity, with two-thirds of the world's population living in water-stressed regions: [environment/nationalgeographic.co.uk/freshwater](http://environment.nationalgeographic.co.uk/freshwater).

ONE WORLD, ONE WEALTH

Argentina and the US. As a result, in all these places, in 2010 both planting and production were lower. Already we are seeing an end to the era of cheap food as prices on the international markets rise. But there is more to it than that. Nearly all these places are also experiencing severe soil depletion as a result of intensive farming practices. Shortage of water and poor soil is not a combination that makes it easy to feed an inexorably rising world population.

But there are other reasons as well. According to Indian scientist and activist, Dr Vandana Shiva, founder of Navdanya, the Indian seed collection and preservation network: 'Industrial agriculture is threatening the food security of our planet.'⁶ While over a billion people suffer starvation or severe malnutrition, a small number of international corporations are tightening their grip on the world's food supplies. Dr Shiva sees them working on three main fronts. First, they are steadily tightening their grip on seed supplies, especially through the introduction of patented genetically modified varieties. Secondly, they are steadily driving smallholders, who specialise in varied food production, from their land in order to create industrial-scale farming units. Thirdly, control of the entire retail chain is concentrating in fewer and fewer hands, forcing suppliers to seek ever cheaper means of production, mostly through mechanisation, and forcing small-scale farmers out of the market.

The world's highest traded crops, such as corn, soya, rice and cotton, are all treated as commodities and the biggest trade in all of them is in genetically modified

6 Speaking at Gaia Foundation 6th March 2010.

WORLD WITHOUT WANT

varieties. Industrial-scale farming certainly produces more of these commodities, but it is well established that it produces less actual food per acre and it also leaves food producers, the farmers themselves, hungry. Dr Shiva also points out that because the commodity markets do not distinguish between food for people, food for cattle, food for fuel and food for industry, we do not notice that the increasing hunger of machines is beginning to make greater demands on modern food production than the hunger of human beings.

In India, she reports, despite annual GDP growth rates in the region of 9%, every fourth Indian is seriously hungry. Even in this era of cheap food, sufficient nourishing food is beyond the purchasing power of 25% of the population and yet land and resources are being diverted from food production to commodity production.

According to Dr Shiva, and many others, the intelligent response to all this is that ecological agriculture is the only road to freedom. Small farms rooted in biodiversity can produce up to ten times as much food per acre, with the added bonus of being the most efficient way of converting atmospheric carbon dioxide into healthy humus for fertile soils.

This view is certainly shared by Patrick Holden, chairman of the UK's Soil Association,⁷ the organic certification and campaigning organisation. He sees the same tendency to fewer and fewer producers, processors, packers and distributors in the UK food industry. He reports, for example, that 80% of carrots in the UK come from just ten carrot growers while all our supermarket milk

7 Speaking at the same meeting – 6th March 2010.

ONE WORLD, ONE WEALTH

comes from only five major processors who may soon be reduced to four. He also reports that those who thought that we had succeeded in keeping GM foods out of the UK are deluding themselves: more than one million tons of GM soya and maize is fed to UK pigs, chickens and dairy cows annually with no labelling requirement on the final product.

Holden would also agree with Liz Hosken of the Gaia Foundation who views all this as evidence of what Mahatma Gandhi would have described as a deeply violent society which institutionalises violence to the soil, to seed, to animals, to farmers, to consumers and to ourselves by the food we put in our bodies. The Mahatma's response, she says, would be to fight back non-violently by not participating in violent systems and building alternatives. This means choosing and taking the trouble to eat less violently produced food and supporting local growers and retailers by choosing food produced locally and with integrity. Every penny of our household food budget is a vote for the system that produces what we buy. It means rediscovering how to nurture the soil so that the soil nurtures us, knowing the story of the food that we eat, and reclaiming food sovereignty and security by growing as much of our own food as possible.

These prescriptions are excellent for those who can afford them, but there is another all-important factor. The drive for cheaper and cheaper food is because billions of people the world over cannot afford to pay for food that has been produced locally with care and integrity. The reasons for this lie in the prevailing economics which forces people into a working environment where they must compete with their fellows for jobs by accepting

WORLD WITHOUT WANT

wages that have already been competed to a minimum, or by selling at prices that have already been competed to a minimum. In the UK, for example, the proportion of GDP that is paid in wages has been steadily declining for years.⁸

This has become a global phenomenon. British and much European agriculture is no longer economic because agricultural labour is so much cheaper in other parts of the world – and so is agricultural land. Farm-gate food prices will not provide what has become an acceptable income to the inhabitants of Britain while also paying for the land to grow it on. Elsewhere, prices are not sufficient to support a small farmer and his family while at the same time providing adequate revenue to pay for seed, fertiliser and machinery.

All this plays into the hands of industrial-scale farming enterprises. They have the capacity to provide the capital inputs which dispense with the need for ‘expensive’ human eyes, hands and energy by replacing them with machines. This is what capital inputs have become: not the provision of tools and equipment that make human work more effective and productive, but the replacement of human work fuelled by nourishing food with immense machines fuelled by oil – and now, increasingly, by bio-fuels whose production is displacing human food production, with devastating effects on the environment.

This raises serious questions to be addressed by economists. First, why has the human relationship with land and the capacity to grow food become so distorted that farmers can no longer grow the food they and their

8 See for example: www.tuc.org.uk/tucfiles/373/TheGreatWagesGrab.pdf.

ONE WORLD, ONE WEALTH

neighbours need? Secondly, who is benefiting from this situation and to what purpose? Thirdly, how can economics, and through economics governments and policy makers, address the position?

These questions do not readily admit of short and easy answers, but the beginnings of answers are not too difficult to see. In most westernised economies the relationship with the land has been distorted by the belief that land can be privately owned without obligation and can be bought and sold with impunity. The older understanding that the land belongs to no one and that we humans belong to the land has been lost to modern economics. The real beneficiaries of this situation are those who can establish ownership and control of productive land and whose primary purpose is to benefit themselves or their shareholders, but not to benefit those who must live and work on the land if they can. Governments and policymakers could address this position through the establishment and enforcement of simple obligations on those who claim exclusive ownership or occupation of land. Such obligations are routinely applied to tenants by landlords. There is no reason why they could not equally be applied by governments, local or national, to landlords.

Two things seem to be necessary to bring this about. The first is a revised understanding of the underlying economics of the entire system. The second is political will. Every individual can help with both of these by demanding an examination of the key questions and insisting that their representatives do so as well. The establishment of justice and equity in economic life depends upon us all taking up this cause.

WORLD WITHOUT WANT

The sufficiency economy

To show that all this has a distinctly practical aspect, it is worth drawing attention to the UN Thailand Human Development Report 2007.⁹ The Report describes the development and application in Thailand of what came to be called the 'sufficiency economy', the brainchild of King Bhumipol who came to the throne in 1946 and continues even now to develop his ideas in practice. The period following 1946 was an era of rapid development in Thailand to the extent that from the 1970s to the late 1990s Thailand had become a tiger economy. However, well over 50% of the population were smallholder farmers who found themselves in danger of being ignored or even becoming victims of successful development. Seeing this, King Bhumipol's idea was to develop technologies, infrastructure and production systems appropriate for small-scale farmers in this era of development. From early in his reign he launched and supported projects to sustain the economy around the small-scale farmers who accounted for the largest proportion of his population.

The Report describes the sufficiency economy as 'an approach to life and conduct which is applicable at every level through the family and community to the management and development of the nation. It promotes a middle path, especially in a developing economy, to keep up with the world in the era of globalisation. The sufficiency economy has three key principles: moderation;

⁹ UN Thailand Human Development Report 2007: 'Sufficiency Economy and Human Development'.

ONE WORLD, ONE WEALTH

wisdom or insight; and the need for built-in resilience against the risks which arise from internal and external change. Those applying these principles are expected to value knowledge, integrity, and honesty, and to conduct their lives with perseverance, tolerance, wisdom and insight’.

It is important to understand that sufficiency in this context is not to be confused with self-sufficiency or with any kind of turning inward or rejection of the global economy. Nor is it a turning back to an older or simpler way of life. Sufficiency economics is entirely forward-looking and intended to enable people and their economies to remain self-reliant and independent while participating fully in the global economy. ‘Sufficiency’ means ‘not too little, not too much’ as is consistent with the Buddhist middle way – but it is not a purely Buddhist conception either. It is simply a guide for finding the right balance between internal resources and external pressures, between the needs of society at the grassroots and the imperatives of the global economy.

In 2006, former UN Secretary General Kofi Annan described the philosophy of the sufficiency economy as ‘of great relevance to communities everywhere during these times of rapid globalization. The philosophy’s “middle way” approach strongly reinforces the United Nations’ own advocacy of a people-centred and sustainable path towards human development...’

Behind the development of this thinking lay the less satisfactory effects of rapid economic development in Thailand. In 1985 manufactured goods had overtaken agricultural produce as the country’s main export and by

WORLD WITHOUT WANT

the early 1990s a new Japanese factory was opening in Thailand every three days. Around a million people were moving from agriculture into the industrial economy every year. GDP growth was spectacular, averaging 7.6% a year. Per capita income between 1957 and 1997 multiplied seven times.

But there were side effects: inequality, environmental decline, social disruption and individual loss of control were all taking their toll, particularly on the majority rural populations. Inequality arose as people found themselves denied access to the land, water and forests that were fundamental to their livelihoods. Between 1947 and 2000 two thirds of Thailand's forests disappeared, while increasing demands for water for urban and industrial use began to create water shortages. Meanwhile old customs of shared labour and other forms of local exchange disappeared as market agriculture intensified. As a result people became more and more involved in production systems over which they had no effective control. Rural debt escalated relentlessly and a feeling of helplessness began to dominate rural life. As the Report puts it:

Villages had their own systems of insurance and defence to deal with such matters and, whether effective or not, they were the product of local wisdom. But in the new era, world prices replaced rainfall as the source of insecurity, and market forces supplanted wild animals as the predators.

Seeing all this, the King mobilised farmers, local wise men, monks, development workers, officials, teachers, academics and philosophers to address the key themes that he identified. These were to:

ONE WORLD, ONE WEALTH

- rebuild a sense of community, real or imagined, in order to have greater strength to face up to global forces;
- retreat somewhat towards self-reliance in order to withstand shocks;
- draw attention to Buddhism with its stress on moderation and spiritual wellbeing as an antidote to the emphasis on maximising growth and consumption;
- build horizontal networks to pool thinking and share techniques.

With these intentions they set about rebuilding the economy from the bottom up. The first stage of the process was to develop a model of a self-reliant family farm using natural cultivation methods and an appropriate mix of land use: a pond for water storage and for rearing fish for food; a paddy field for rice; a field for other crops and fruit, and a place for a house. To bring this about farmers were encouraged to desist from commodity farming and to re-orientate around providing first for themselves and their families and then for their local communities. The Report emphasises that self-reliance does not mean isolation. The model farm was expected to create a surplus beyond household consumption and this surplus could be exchanged on the local market.

The second stage of rebuilding was aimed at creating self-reliance at the community level by increasing the production and availability of local goods and services through mobilising households' surplus resources within its local community. This might be done through cooperative forms of production, community savings groups, community health centres and community forms of a social safety net.

WORLD WITHOUT WANT

At the third stage, the community could engage with the economy beyond the village to sell its excess products and to gain new technology and resources for products. It might, for instance, found its own rice mill, tap the services of banks and other economic institutions, and negotiate with business corporations for mutual advantage.

As King Bhumipol put it:

Progress is not just about planting enough rice to eat. There must be enough to create schools, even works of art, so that Thailand prospers in every way, with no hunger or poverty, food for body and soul, and many other things.

His guiding principles throughout were: Build a base of self-reliance before moving ahead. Be economical. Learn continuously.

According to the Report, Thai economists quickly grasped that embracing the sufficiency economy did not require them to abandon the theories and techniques they used as their professional tools. The sufficiency economy emphasises the importance of shielding the country against shocks. Just as the agricultural theory stresses that the community needs a base of strength and self-reliance to be able to deal with the world beyond the village, so a country also needs a strong internal foundation to survive and prosper in a volatile worldwide economy. The sufficiency economy is not a rejection of globalisation, but rather a means of succeeding in globalisation.

The Report outlines a number of successful applications of sufficiency-economy thinking at all levels of economic activity in Thailand, from government policy to rural farms and forests. It has applications for businesses of all sizes, for human development policies and for national

ONE WORLD, ONE WEALTH

economic management. Successive governments have been persuaded to adopt the sufficiency approach because they find that it is not incompatible with more conventional economic systems, and they have been happy to encourage the growth of strength from within and to think in terms of longer-term stability and future generations.

Land tenure in Thailand

Although the Report does not spell it out, a little investigation shows that whatever its merits, which appear to be considerable, the sufficiency economy does come up against the same problem as every other attempt at reform in economics. Land reform in Thailand is and has been as controversial as anywhere else.

Thailand is one of the few countries to have escaped colonisation in any of its recent history, with the result that until well into the twentieth century traditional forms of land holding survived in many parts of the country. Such systems were often informal and did not rely on any kind of formal land titles. People tended to use the land their forefathers had used, and communities had traditional methods of allocating land holdings to families and individuals. In some parts of the country land holdings were restricted to the amount of land that an individual or family could use themselves. This did of course mean that there was little in the way of a market in land and that land was rarely used as collateral for credit.

It also, however, meant that there were many who could take advantage of King Bhumipol's approach to rebuilding the economy from its roots. The whole system of the sufficiency economy is based on small-scale, independent land holdings.

WORLD WITHOUT WANT

During the period of rapid expansion in the 1970s and 1980s this changed substantially. The World Bank sponsored an extensive land titling drive as part of a structural adjustment programme to modernise the Thai economy. The aim, which was successful, was to create an active market in land and to enable land to be used as collateral for credit in order to stimulate investment. At the same time, large areas which were presumed to be unoccupied or unclaimed land were taken into State ownership and declared to be Forest Land with significant restrictions on its use. In this process, little regard was paid to the fact that the forest land supported a substantial population who remain landless to this day, and are consequently among the poorest sections of society in Thailand.

Meanwhile, the burgeoning new economy produced a significant body of potential investors who lost no time in buying up land holdings wherever they could. Land prices doubled, encouraging this process and pricing the poorest sections of society out of the market. The displaced populations inevitably moved to the cities in search of jobs, providing cheap labour necessary to the rapidly expanding economy.

At the same time, lack of rigorous control of the titling process encouraged corrupt land deals, to the extent that it was not unusual for communities and individuals to find that land they had used for years had been sold to absentee landlords without them knowing anything about it. In some cases this eventually led to small-scale local revolts and land reclamation by direct action as well as to calls for land reform.

In this, Thailand experienced the same process as

ONE WORLD, ONE WEALTH

almost every developing economy anywhere on the globe.¹⁰ Land titling does indeed stimulate economic development and encourage investment, but it does so at the expense of all those who lose their land in the process.

However, notwithstanding the problems of land tenure and land reform that accompany developing economies around the world, King Bhumipol's experiment with the sufficiency economy does show that where there is determination and political will it is possible to build on the sort of values expressed by Dr Schumacher forty odd years ago. It shows that there are alternatives to rebuilding the flawed edifice of modern economics with its equally flawed foundations.

The idea of sufficiency – sufficiency of living conditions, of consumption both of food and of material goods, and of profit – is entirely consistent with ideals of justice and equity for everyone. The experience in Thailand shows that ideals of justice and equity can be successfully applied to give a 'middle way' between heedless progress and apparent helplessness, provided that people want it. In the School of Economic Science we hold to the view that justice and equity can and should shine through economic life. It may not happen soon but it is possible.

This lecture is intended to highlight some of the real needs and possibilities of the present time. The School offers Economics with Justice alongside Practical Philosophy. We hope that the example of Thailand shows that philosophy can also be practical economics. It is the two together, economics with philosophy, that may offer a new direction to a troubled world.

¹⁰ See *The Landgrabbers: The new fight over who owns the planet*, Fred Pearce, Eden Project Books, 2012.

WOULD YOU SELL YOUR MOTHER?

2011

THE ROOTS OF the ecological and environmental crisis of the twenty-first century lie in twentieth-century economics. We have come to regard the environment as consisting entirely of natural resources for human use and exploitation and for the fulfilment of human demands. The effects of our arrangements for the collection and distribution of those resources show themselves in the generation of great wealth and prosperity, but these are not universally distributed and are accompanied by serious environmental consequences. This lecture explores the implications for economics and the environment of a renewed relationship with the Earth, the generous source of the wealth and prosperity produced by modern economics.

Economics is a subject that affects everyone, not only at work, but in every aspect of life: and it doesn't only affect people, it affects the whole context in which people live. This lecture asks, 'Would you sell your mother?' because 'mother' is a universal relationship, and economics is all about relationships. If the relationships go wrong, then many other things go wrong; if they are right, they offer the prospect of settled and fulfilling lives

ONE WORLD, ONE WEALTH

for all people. This lecture attempts to address some serious flaws in the economics of our modern relationship with Nature.

It is rarely pointed out that at the very heart of economics is the idea of the ownership and use of natural resources: the idea that we own what we earn and that somebody, somewhere, owns almost everything else. When it comes to what economists call land, by which they mean the whole natural world, it is always assumed to be owned by someone and to be a commodity that can be bought and sold. Modern economic systems are founded on the acquisition and transfer of ownership.

In the School of Economic Science, where philosophy and economics are seen as two aspects of the same subject, we try to start with direct observation. One of the first instructions in our philosophy course is: feel the weight of your feet on the floor; feel the weight of your body in the chair; feel the play of air on the hands and face; be here, now. In economics too, we try to persuade people really to observe their surroundings and by connecting with sight, hearing, taste and smell to learn the lessons of economics directly from the world around us.

This is not standard practice: modern economics deals with humanity *en masse*, and for that reason economists are prone to abstractions. Three of the main ones are what economists call land, labour and capital.

Labour, to an economist, is not a person with a tool or instrument of some kind, engaging with the world. Labour is a set of statistics. Economics takes little account of the fact that the individual labourer may have a family; is probably anxious for lunch or supper; needs a place

WOULD YOU SELL YOUR MOTHER?

to sleep and so on. Economists don't deal with houses, they deal with housing. The concept is generalised and abstracted.

This makes it possible to come to extraordinary conclusions: for instance, many economics textbooks teach that it is necessary to have a pool of 'unemployed' in order for an economy to function properly. That conclusion is possible only if the 'unemployed' are not real people. When the unemployed are regarded as real people, who need self-respect and occupation; who have families; who have hearts and minds; then this apparently innocuous but very popular abstraction becomes impossible to support. It is by abstractions like this that economics has managed to get itself into a realm which doesn't quite connect with the real world.

Land is another example. Land is sometimes referred to simply as the 'dry surface of the earth'. But a moment's observation shows that the dry surfaces of the earth are among the most inhospitable places there are. Land, considered as the dry surface of the earth, cannot conceivably support anything. Only in combination with air, water and sunshine does it take on the possibility of life, becoming alive itself and capable of supporting life, the life of all creatures, not just human creatures. So it is necessary to abandon the abstract and return to realities. Land – in the all important trilogy of land, labour and capital – is something alive and absolutely essential to economics because it gives human beings access to all the things needed to support life. But in that light a further abstraction takes place and the 'dry surface of the earth' becomes 'all natural resources'. It is important to note that if human beings and natural resources are

ONE WORLD, ONE WEALTH

brought together it is possible to create a very prosperous world. Neither can do so on its own.

According to Wikipedia:

A resource is any physical or virtual entity of limited availability that needs to be consumed to obtain a benefit from it.

The very idea of a 'resource' assumes, first of all, limited availability, and secondly, an expectation of benefit. So the very language of economics carries with it concepts and attitudes of which it is easy to be almost unconscious. Certainly the economics profession and much of the rest of the world looks at the natural world as resources. That is one reason why land ownership is such a major issue.

It is well known that apparently prosperous economies have side effects. One example is the remarkably regular sequence of boom and bust.¹ In his book, *The Secret Life of Real Estate and Banking*, Phillip J. Anderson shows that this has been going on in regular eighteen-year cycles in the UK economy for about four hundred years. There will be a recession and it will affect people. Some will be made miserable by it, some will be made redundant by it and some will be made rich by it. Yet this simple observation has no influence on public policy or on conventional economic thought.

There are other side effects of economic prosperity. Environmental degradation including air pollution; waterway pollution; soil depletion; unnatural toxicity in the soil and food chain and deforestation.² All these result

¹ *The Secret Life of Real Estate and Banking*, Phillip J. Anderson, 2008

² World Wildlife estimates that 46 to 58 million square miles of forest are lost each year – equivalent to 36 football fields every minute: www.worldwildlife.org/threats/deforestation. Some of them are very ancient forests that cannot be replaced.

WOULD YOU SELL YOUR MOTHER?

from an ostensibly prosperous economy. Meanwhile, scientists report what is described as the 'sixth mass extinction of biodiversity'.³ The last one was 65 million years ago. Hundreds, if not thousands of species from the known living world are disappearing annually. Then there is 'peak oil' which affects not only petrol prices but prices of food and of all kinds of goods and services. As oil production becomes more difficult and more expensive, the supply is becoming ever more tenuous and sooner or later there are bound to be shortages.

It is also difficult to dodge the issue of climate change. There is a great deal of evidence to suggest that if human activity is not the cause, it is at least a significant contributing factor. These side effects of modern economics also have social consequences. Along with changes to habitats and the environment caused by economic activity comes loss of cultural diversity. In the resultant homogenisation of the human race minority cultures are absorbed into larger cultures and disappear. With them go traditional livelihoods and traditional wisdom. These are all effects of the way that the human race has chosen to live in the twentieth and twenty-first centuries and in particular of the underlying economics.

The idea that the natural world is a resource for our benefit contributes to this. It is unusual for economists to ask: What are *we* doing here? Could *we* be a resource for the world's benefit?

In the School of Economic Science we often look to the great traditions of Indian wisdom for inspiration and

³ www.nature.com/nature/journal/v471/n7336.

ONE WORLD, ONE WEALTH

instruction. The *Mahabharata* – the great epic of ancient Indian history and philosophy – tells us:

Everything springeth from the earth and everything, when destroyed, mergeth into the earth. The earth is the stay and refuge of all creatures and the earth is eternal. He that hath the earth hath the entire universe with its mobile and immobile population. It is for this that, longing for the possession of the earth, kings slay one another.

There a certain pragmatic realism to the *Mahabharata*, as well as a poetic understanding of the importance of the Earth, of the land, not merely as a resource but as a stay and refuge for all creatures.

All that has been spoken of so far is the outer cloak of economics, the phenomena that can be seen and observed, even through the abstractions. But the purpose of the abstractions, like the purpose of observation and of this discussion on economics, is to come to an understanding of the world around us and of the laws that govern it and our relationship with it. The laws are the underlying structure, and the way we see and understand them determines how we relate to that world.

Perhaps the first effect of viewing the natural world as resources is that everything becomes a commodity. As a result the first law normally taught about economics is the law of supply and demand. Economics is assumed to be fundamentally about markets, about buying and selling and creating things to go into markets. The central importance given to the laws of supply and demand in economic thought and the consequent supremacy of the market at the heart of economics comes from viewing the world as resources. Even people become mere resources

WOULD YOU SELL YOUR MOTHER?

– human resources. The availability of labour is then presumed to be governed by supply and demand; and because the assumption is that the resources are limited, our economy is inevitably competitive. So we engage in competition at the individual level, at the corporate level, and at national and international levels, all for the supply of resources and the power to distribute them.

What this does is to allow ideas like the survival of the fittest also to be considered as laws of economics. But it is important to realise that there is also an underlying sense of law, a search for a structure, a system, a way of looking at the world which has a coherence to it, enabling us to predict what may or may not happen and guiding us in how best to behave in relation to the world. So there is a search for laws, but understanding of the laws of economics has paralleled contemporary thinking and understanding about the nature of law in general.

In the nineteenth century the traditional idea of natural law was more or less overcome by theories of positive law. This is the view that law is simply a command that can be enforced and that once it has been decided what to command, all that is needed is the power to enforce it and laws can be made and unmade at will. This has developed into a more modern doctrine of 'legal realism' that assumes that the law is what courts and parliaments decide it is; that it is something that simply arises from practice; and that there is nowhere to look for it other than in the ways people behave towards each other and what seems to be best at the present time. Law, in other words, is what the legal authorities decide it is. There is no search in the social and economic sphere for any other laws.

ONE WORLD, ONE WEALTH

It is fair to say that economics has adopted that approach to law, so that the idea is that as long as the right laws are passed, economies can be regulated largely through legal and legislative systems without much regard to anything else. This happens despite the constant reminder that supply and demand is not something that necessarily responds to Acts of Parliament or to judicial determinations.

For example, not long ago, the former UK Deputy Prime Minister, John Prescott, announced that he had the solution to low cost housing. It was announced as a great triumph that a decent house could be built for £60,000. But then the question arose as to where the low cost houses would be built. Where was the low cost land? There was none. It is a simple fact arising from the laws of supply and demand that the real cause of high cost housing, the land price, cannot be overcome either by Act of Parliament or by efficient building.⁴

It is not being suggested that there is no place for markets in economics, nor that supply and demand are not relevant and important laws. They are all part of the underlying structure that can be seen through observed phenomena. The question is: What lies behind the laws: is there anything that can illuminate, anything that can help us really to see the laws in their fullness?

You have no doubt been following the catastrophic events in Japan⁵ and, like many millions of people, your heart goes out to people in such disastrous circumstances.

⁴ There is, however, reason to think that it might be overcome by a fiscal measures based on the taxation of land values.

⁵ On March 11th 2011 an earthquake and resultant tsunami left 28,000 people dead or missing, and widespread devastation: video.nationalgeographic.co.uk.

WOULD YOU SELL YOUR MOTHER?

Everyone feels for them. Now why is that? They live on the other side of the world. Apart from their appearance as tourists from time to time, most of us have little to do with them except that they seem to make the components in so many of the things that we use. Why is it that their plight affects us? Why is it that we feel it? Why is it that we feel sympathy, empathy with people so far away?

I can only suggest it is because they are human beings, as we are and we have much in common with them. Behind everything to do with economics and a great deal to do with law is this sense of common humanity – something that we all have in common.

Turning again to the Indian tradition, there is a short phrase for this. The phrase in Sanskrit is *vasudaiva kutumbakam* and I am extremely grateful to the Sanskrit faculty in the School for help with translation. *Vasudaiva kutumbakam* means ‘for whom the whole world is one’s family’. This lecture began with ‘mother’ which is a family relationship; and here in the Indian tradition it is suggested that for a well-developed human being the world, the whole world, is one’s family. *Vasudaiva* means: ‘holding, nourishing or sustaining the excellent, good, beneficent, producing wealth, liberal, the earth, the world’. The least that can be said is that this is a much more complete description of the ‘dry surface of the earth’ than we started with.

The next word *kutumbakam* – which is translated as ‘family’ – comes from *kut* meaning ‘in becoming curved’: *kuta* is a curved hut or cottage. From that it derives the meaning of ‘household’, and hence ‘the place of a family’. So *vasudaiva kutumbakam* means: ‘for whom the whole

ONE WORLD, ONE WEALTH

world is one's family'. The phrase offers a different starting place for looking at economics, so that economics actually recognises at its inception our sense of common humanity and offers a way of discovering laws that are more or less true to something essential to us all, to human nature, and to the nature of the world we live in.

The phrase even tells us, 'holding, nourishing or sustaining the excellent, good, beneficent; producing wealth, liberal, the earth, the world'. The whole world is the family, not just the human race. In this light the living world is recognised, as it is in reality, as the family on which we all depend. When economics is considered as an exploration of relationships, we see that our view of the human and the other-than-human world around us is determined by relationships, and that the way we deal with other people and the world is also determined by this view. There is a world of difference between looking at the world around us and thinking: 'Here are some scarce resources from which I can derive a benefit'; or alternatively, 'Here is my family.'

One feature of viewing the world as family, is to recognise the interdependence and reciprocity of relationships – they are not all one way – families work in co-operation. What a contrast with the competitiveness of the market that is the standard model of contemporary economics.

The suggestion is that if economics were approached from viewing the world as a family, economic dealings with the world would change. It is also suggested that, given the symptoms and effects already described, given the present state of the world and the state of humanity, such a change is urgent and necessary. It is a change of

WOULD YOU SELL YOUR MOTHER?

heart, a change in the human relationship with the world as a whole that is needed.

How is it to be accomplished? The legal theory that we can make laws as we think fit, that law is what the legal authorities decide it is, is born of the field of jurisprudence. Some people are a little afraid of the word 'jurisprudence' and others wonder what it means. It is a technical term familiar to lawyers but not so widely used elsewhere.

Simply defined, jurisprudence is the theory and philosophy of law. 'Prudence' in this sense means knowledge, and 'juris', law. Jurisprudence is generally regarded as the philosophy of law. But again it is worth looking to the Ancients, this time to the Emperor Justinian whose Institutes and Codes bequeathed the legacy of Roman law to the modern world.⁶ Jurisprudence, to his mind, is 'The knowledge of things divine and human; the science of the just and the unjust', which is a much more noble conception of jurisprudence than is implied in the 'theory and philosophy of law'. It includes, of course, value judgments. It includes the notion that there are things divine and human as well as just and unjust. It imports the idea of justice into the very heart of the science of jurisprudence.

Arriving at this point is no accident because in the School we advertise our courses in economics as 'Economics with Justice'. In fact, we begin with the premise that justice is relevant to economics, and our explorations confirm that that approach is well justified.

The sense of justice belongs to the realm of jurisprudence and to the understanding of laws because it can

⁶ Institutes of Justinian: 533AD.

ONE WORLD, ONE WEALTH

be used as a test. The test is that if the outcome of an action is unjust, then there is probably injustice in the action itself. Similarly, if economic systems create manifest injustices, then the system itself needs re-examination and improvement. Something must have been misunderstood and needs to be explored further. This is a demanding test and calls into question much of modern economics.

So could an economy be built on different principles? Do markets have to be competitive? What about a cooperative market? These questions are given force and substance by a more generous relationship with the world.

The *Mahabharata* offers this:

Earth, if its resources are properly developed in accordance to its qualities and prowess, is like an ever-yielding cow, from which the three-fold fruits of virtue, profit and pleasure may be milked. If earth be well looked after, it becometh the father, mother, children, firmament and heaven of all creatures.

This view is not the stuff of economics textbooks, but from this perspective economics looks very different. What is being suggested is that human beings need to find their place in the universal scheme in order to be able to live in a way that cares for the whole Earth and not just for our own particular interests and that the essence of the human relationship with the rest of the world is not one of mere exploitation but of reciprocity and mutual enhancement. An essential aspect of that reciprocity is a duty of care in place of the view that it is all there purely for human benefit and exploitation.

WOULD YOU SELL YOUR MOTHER?

A hymn to Gaia, the Goddess Earth in the Greek tradition, attributed to Homer, gives a sense of such a relationship with Earth:

Gaia,
Mother of all,
the strong foundation, the oldest one.
I shall sing to Earth.
She feeds everyone in the world.
Whoever you are,
whether you walk upon Her sacred ground
or move through the paths of the sea,
you who fly, it is She
who nourishes you from Her treasure store.
Queen of Earth, through You,
beautiful children,
beautiful harvests
come.
It is You who give life to mortals,
and who take life away.
Blessed are those You honour with a willing heart.
They who have this have everything.
Their fields thicken with bright corn,
the cattle grow heavy in the pastures,
their house brims over with good things.
The men are masters of their city,
the laws are just,
the women are fair,
happiness and fortune richly follow them.
Their sons delight in the ecstasy of youth,
their daughters play,
they dance on the grass,
skipping in and out,
they dance on the grass over soft flowers.
It is You who honoured them,
generous Goddess, sacred Spirit.

ONE WORLD, ONE WEALTH

Gaia, farewell,
Mother of the gods, bride of starry heaven.
For my song, life allow me,
a life my heart loves.
And now and in another song,
I shall remember You.⁷

That is a voice speaking to us across more than two thousand five hundred years honouring and appreciating the Earth and expressing a different emotional connection with the Earth to that which prevails in modern economics, a connection based on love, reverence and respect.

Many lawyers have observed that all over the world laws and legal systems underpin the economics that damages the environment; not so much causing as allowing it to happen, so that it happens legally, whether it is actually lawful or not. Some of those lawyers are developing Earth Jurisprudence: a philosophy of law and governance that recognises Earth – the natural world of which we are part – as the primary book of law that calls on humans to fulfil their responsibilities as members of a wider Earth community. Earth Jurisprudence is not just a legal philosophy, it is also a call to personal practice of an Earth-centred ethics – Earth-centred in the sense that the Earth is not seen as solely for human benefit while addressing the possibility that people may also be here for its benefit. The relationship can and ought to be reciprocal and mutually beneficial or enhancing.

The principles of Earth Jurisprudence also apply to economics. At the heart of it all, is the principle of wholeness which sees the Earth as a single community, bound

⁷ From *Homeric Hymns*, translated by Jules Cashford: Penguin Classics 2003; this version by kind permission of Jules Cashford.

WOULD YOU SELL YOUR MOTHER?

together with interdependent relationships such as those referred to in the *Mahabharata* and the Homeric hymn. This principle recognises that no living being nourishes itself; each component of the Earth community is in one way or another dependent on every other member of the Earth community for nourishment, for assistance and for survival. Other principles follow from the principle of wholeness: they are principles of 'interconnectedness', 'lawfulness' and 'care'.

Interconnectedness is simple and readily observed. If forests are cut down patterns of rainfall change. Without enough rain, trees stop growing, habitats decline and food becomes scarce and difficult to produce. The interconnectedness of life cannot be avoided. But this needs to be realised in economics and acted on. Where resources are exploited without reciprocity there are consequences beyond the immediate benefits for human beings.

The second principle, 'lawfulness' is surprisingly controversial. The principle is that the universe is a primary giver of law, speaking, as it were, through the Earth and the environment. It follows that laws are something to be discovered not something made by human will. The controversial aspect is that the science and study of law, even in human and social affairs, is a process of discovery rather than of invention. Earth Jurisprudence looks for rules of living that are consistent with the integrity of the whole Earth system. The human role is to formulate such laws as a framework for personal and social practice in harmony with Nature.⁸

⁸ One example is the proposed Universal Declaration of the Rights of Nature. Another is the vigorous campaign for the United Nations to adopt an international law of ecocide to rank alongside crimes against humanity like genocide.

ONE WORLD, ONE WEALTH

Taken together, wholeness, interconnectedness and lawfulness imply a duty of care for Nature, requiring human energy and consciousness to be directed to leaving the Earth in as good or better condition than we find her. This duty of care can be given legal effect by recognising legal rights for Nature. Rights are the obverse of duties and human duties are frequently described in terms of the rights of others. The duties of governments towards citizens are set out as human rights. In the same way the duty of care for Nature can be expressed as rights for Nature. This does not mean that every ant, mosquito and blade of grass has to be treated as human but it does mean recognising that the universe is speaking to us, saying: 'You owe us something. Earth gives freely but there are conditions.' So mutual enhancement emerges as a fourth principle. This principle, that the relationship between the human species and the rest of the living community is, or should be, mutually enhancing, gives a new guide for action. It brings recognition that if actions are ultimately destructive, it is probable that they are misdirected. It recognises the balance in Nature: that it is best not to upset Nature's balance but to work with it and maintain it.

Also of importance to economists is 'commonality', the idea that land and Nature belong to no one, which is in direct contra-distinction to the principle of ownership underlying most modern economic thinking.

What this means in practice is that human needs do not cancel out the entitlement of the rest of the living world to go on living or to continue as species. This has immense implications for economics and for law. Western legal systems and contemporary economics both rely on

WOULD YOU SELL YOUR MOTHER?

assumptions about ownership of the natural world and in particular the assumption that everything the Earth has to offer belongs, or can belong, to someone. Difficult and challenging as it may be, it is necessary to question those assumptions. This is not to suggest that human beings cannot be allowed anywhere to live or to work. Human beings, like every being, are entitled to their habitat. The idea that needs to be challenged is that this is possible without any obligation to anything or anyone else.

The School recognised this from the outset, deriving it from the teachings of Henry George, and taking up his understanding of the consequences for economics.⁹ George recognised and emphasised the inter-relationship between land and communities. On its own, land is just land. But the interaction between land and human communities gives a particular quality to particular locations because some are more useful than others. This is because what matters to the human community is the extraordinary diversity of the Earth and of particular places and the different habitats they provide.

Human beings naturally make demands on the places which are most beneficial for human habitation and use. This means that there has to be some arrangement, either by competition or cooperation, for allocating particular locations to distinct individuals or groups. An important, and frequently ignored, feature of this is that the differential needs and demands of human communities and the very different productive potential of different locations make it possible to isolate those aspects of

⁹ *Progress and Poverty*, Henry George, 1879; edited and abridged by Bob Drake, Robert Schalkenbach Foundation, 2006.

ONE WORLD, ONE WEALTH

actual production that owe as much or more to the location where things are produced than they do to the human skill, effort and investment involved in producing them. The idea of collecting public revenue from land values turns on this and is entirely consistent with it. The idea is that the additional production that results from advantages of location forms a natural source of public revenue that can be collected as an annual rent or levy without injustice to anyone.

This is why the School of Economic Science has consistently championed the taxation of land values as a just and equitable approach to taxation. What we have also found over the seventy-five years of the School's life is that there is an immense resistance when the taxation of land values is proposed as practical policy in modern westernised economies.

At least in part, this resistance derives from the underlying outlook that regards the Earth as 'resources' and that abstracts the human from labour, treating it as an abstraction, thus making it possible to divorce the realities of economic life from economic theories. The conclusion from this view is that unconditional ownership is a not only a good thing but a necessary thing, no matter what injustice it is causing.

In the UK, we have lived with that idea for at least five hundred years and are deeply imbued with it. Land enclosure, which is simply the privatisation of land, the reduction of land to private ownership, began in earnest in the sixteenth century and is now long completed. We are stuck with it, but it is a live issue in much of the rest of the world. It is now referred to as 'the great land grab' and is happening now in Africa, India, South America

WOULD YOU SELL YOUR MOTHER?

and anywhere else where land has not already been formally reduced to private ownership.¹⁰

In Ethiopia, for example, where in theory at least and under the Constitution, land is considered as belonging to all the people, the Ethiopian Government is in the process of selling some three million hectares of land to international buyers, mostly Indian, effectively transferring their environment into the ownership of Indian entrepreneurs for the benefit of India. They are doing it to attract money and investment from the international economy but the real effect is to transfer wealth out of Ethiopia to the benefit of the investors.

Oddly enough, the government of India has been doing the same: it offers large tracts of land to overseas investors to attract investment and provide jobs. But this process is throwing people off land their forebears have lived on and from for generations. The same is happening all across Africa, where Chinese investors are buying land to feed their immense population and supply the demands of rapid growth in GDP.

The same problem is alive and well throughout South America. Land grabs of one kind or another and land allocations are a major issue. It is necessary and urgent to come to a real understanding of this issue because it lies at the very heart of economics. Whoever controls access to land controls access to the entire economy.

It is also at the heart of economics because economics is about the relationship between human beings and the living world which the word 'land' represents. It is urgent

¹⁰ Indeed, it is reported that at least one enterprising American entrepreneur is offering for sale certificates of ownership of the moon in lots of one acre.

ONE WORLD, ONE WEALTH

that we develop a real feeling for what the word 'land' really means. It is urgent that we revise our inner attitude to it and develop a new economics and new laws consistent with the reality. The reality is that we cannot take a step, or breathe, or eat a morsel of food or make a piece of clothing without access to and cooperation with 'Mother Earth'.

This lecture began with the question: Would you sell your mother? because it is a commonplace of modern economics that we treat the land as a commodity to be bought and sold. A new attitude would question that and could develop a new and more modern relationship which would make it possible to care for the Earth and to discharge our human responsibilities in a mutually enhancing manner. Such an approach could allow the human race to rise up to the fullness of what it is to be human, living within the law and enjoying freedom under the law with the kind of prosperity and delight that Homer describes.