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The Road to Progress

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Abstract - We are witnessing a decline in the traditional code of ethics accompanied to a tendency to measuring all kind of progress in terms of material (economic) growth. Denying permanent values economics favours moral relativism.

The social instability we observe in all socio-economic systems and the current existence of unsatisfied absolute needs among the poor suggest there is something wrong about the distribution of gains from growth signalling the need for different solutions to the limitations, absurdities, inefficiencies, and inequities of our living. The dynamic of our societies require a more profound understanding of our institutions and a quest for imaginative thinking (utopia).

The need for a fresh utopian approach arises from the necessity of breaking old schema which because old are considered just and appropriate. New solutions and suggestions to problems are often incompatible with existing societal values and habits, the despotism of tradition being an obstacle to human progress.

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“Man is here for the sake of other men above all those upon whose smile and well-being our happiness depends”.

Albert Einstein

“Civilización es, antes que nada voluntad de convivencia. Se es incivil y bárbaro en la medida en que no se cuenta con los demás. La barbarie es tendencia a la disociación.”

Jose Ortega y Gasset

0. Introduction

In spite of a continuous and sustained economic growth accompanied and spurred by unprecedented advances in science and technology, economists have been unable to solve the many problems that single individuals face. The pursuit of material growth without consideration to man's needs and to ethical principles appears meaningless. The increasing awareness of the special nature of our present economic systems should suggest to economists the need to defer to moral values in deciding on society's goals. This process could be accelerated if imaginative thinking (utopia) would be considered in motivating people's individual's goals and desiderata. In the following pages I will discuss some aspects of economic growth which have been rather neglected and present the case for utopian solutions to everyday necessities..

Paper presented at the 4th *International Utopian Studies Conference*, Madrid, June 25th – 29th, 2003. I was encouraged to utopian thinking by the late Bruno de Finetti, an Italian mathematician, statistician and more who devoted his life to condemning human stupidity, taboos and mental laziness suggesting the need to study and promote new forms of socio-economic organizations.

1. The road to progress

Notwithstanding the pace of economic growth in western societies there has been a decline in the traditional code of ethics. Ethical principles have been sidestepped, social values mostly ignored pushing us toward a civilization without goals, a phenomenon not restricted to the western world only. The ever-increasing tendency to measure all kind of progress in terms of economic growth has contributed to a moral and intellectual crisis.

Francis Bacon was the first to state that economic growth should lead not only to material progress but also to moral and intellectual advancement, suggesting however that the tendency to measure all progress in terms of economic growth had contributed to a moral and intellectual crisis.

The advance of civilization was based by the encyclopaedists on the individual. Their belief in man made them very optimistic about the future of humanity. The idea of civilization as progress toward social perfection and the faith in the scientific and technological endeavours is present in Saint Pierre, a utilitarian who considered the Notre Dame cathedral of little value compared to a road or a bridge.

Man was all that mattered (Diderot), free to chart his own destiny with the help of physical sciences (Voltaire). A vision shared by Condorcet – a student of Turgot – who suggested that the cultivation of physical sciences dissipates “barbarism” in the moral sciences and eliminates error and prejudice. Thus Condorcet, not only posited a relationship between scientific advance and social welfare, but he also suggested that scientific progress necessarily entailed the rationalization of the whole social order. Science in fact demonstrates the power of reason as an alternative source of authority in human affairs, requiring for it and inspiring in the conduct of everyday life, the rational organization of things.

For Kant man's proper goal in life is not the pursuit of happiness but the development of his rational faculty. The foundation of progress lays in ethical progress. To act in an ethical fashion is an absolute obligation founded in reason.

In the nineteenth century others were interested in the search for a law of progress. For Saint-Simon the golden age – to be lived – is one in which the social order would be perfected and realized through socialism. Renan believed that reason would allow men to reach an ideal state of civilization in which all would be equal. “ *The most dangerous state for humanity - wrote - will be that where the majority finds itself at ease and not wishing to be disturbed will maintain its repose at the expense of thought and an oppressed minority*” (*L'avenir de la science*, pg.429).

In the twentieth century the creed in progress suggested that all society's problems could be solved by improving the material well-being of people, even though the failure to progress morally could render material gains worthless. There will be a time – as Keynes and others suggested – when people realize that wealth production is only a means to the end of good life, the trade-off between wealth and leisure leaning toward this last.

The decline in moral standards is linked to the advance in natural science as well as to the development of economics as a “ science ” that measures all values in money terms. Tawney rejected the idea that progress and civilization consisted in economic growth and condemned “ *the perversion of values, which confuses the ends of life with the means and elevates material prosperity...from the position of secondary and instrumental importance that properly belongs to it, into the grand and over mastering object of individual effort and public approval...If the Kingdom of Heaven – he wrote - is not eating and drinking, but righteousness and peace, neither is civilization the multiplication of motor-cars and cinemas, or of any other of*

the innumerable devices by which men accumulate means of ever increasing intricacy to the attainment of ends which are not worth attaining”(Equality,pg.82).

Unable to find an ultimate end for man, Dewey decided that growth was the aim in life. An act is good if it contributes to the growth of the individual. What is good for that end today may not be good for that same end tomorrow. And since we cannot foresee the future, we cannot establish an absolute end for man.

The rejection of absolute values leads the so-called humanists to affirm that moral values derive their source from human experience. Ethics is autonomous and situational, needing no theological or ideological sanction. Ethics stems from human need and interest. The most famous among the secular humanists, Huxley, considered religion an obstacle to progress “...*any belief in Absolutes,... erects a formidable barrier against progress and the possibility of improvement, moral, rational or religious*”.(*The Humanist Framework, pg.40*)

The dangers of moral codes, which are relative to time and place and are based on individual facts of experience, have produced devastating results. The philosophy of utilitarianism –an act is good if it promotes growth– stresses the fact that its **goodness** is not decided in advance by reason, but after it has been implemented and its consequences evaluated.

In the face of such relativism, individual rights are ignored, human life considered of little value, leaving injustice triumphing. The relativists by denying the existence of any objective standards eliminate the very concept of morality. Relative values are in this context treated as if they were absolute. And if there are no absolute values there is no point in trying to improve one’s moral ideals or strive for moral perfectibility. The existence of permanent values is therefore denied favouring a

widespread moral relativism arising out of the belief that there are not moral or ethical truths.

2. Neo-conservatism and the illusion of limitless abundance.

A society' ability to adapt to capitalism depends heavily on its culture and its legal framework. Capitalism's stress on growth and productivity has created a climate congenial to ordered political competition. Compromise within a mutually acceptable framework of rules becomes easier when most of the parties to the struggle over the distribution of wealth believe that their positions are going to improve in any case.

A competitive economic system with a plurality of centres of economic power, (private corporations, free trade unions and a free press) with many different hierarchies of prestige, utility, and achievement and a relatively free market ideally perform an invaluable service for a democratic government. Should they be eliminated - it is claimed - the burden of deciding what is a fair distribution would fall entirely on the political system.

The greatest problem capitalism faces nowadays is that has to some extent undermined the motives for passionate commitment to it. The conquest of poverty, the breaking down of ancient barriers to ambition and talent, the diffuse progress through science and invention generated excitement and alliance to capitalism. But capitalism, which has existed in illiberal environments and has sometime given encouragement to totalitarian temptations, in its mature phase has not shown the same capacity to create in society the same sense of a higher civic enterprise. Ownership has become more abstract, enterprise wears a bureaucratic face, and creates an

illusion of limitless abundance, which encourages expectations of perfect unfrustrated self-fulfilment and inflates the entitlements to which people lay claim.

In the majority of western societies we are nowadays witnessing an anti-state social philosophy, commonly referred to as neo-conservatism, a phenomenon that has not escaped the attention of the politicians who find that expression of such sentiments resonates well on their electorate. To many this anti-state sentiment is due to the spread of the perception that the socio-economic gains (social justice and welfare) obtained by the growth of the public sector are insufficient to compensate the reduction in individual freedom and that government intervention has somehow missed the target.

The rise of neo-conservatism may deter further government expansion in the private sector and is directed mainly against the growth of taxes and expenditures that characterized the Keynesian approach and the mushrooming of the public sector. With the result that a large part of the economy becomes dependent upon political rather than market processes and that resource allocation increasingly - it is claimed - becomes a political rather than a market phenomenon. The revolt against Keynesian policies since the 1970s has been based on the belief that government intervention destabilizes the economy. America's recent experience shows, however that the private sector is quite capable of destabilizing the economy without government help!

It has been a declared policy of market-oriented governments to reduce state spending, particularly that channelled on social welfare. As a result market-minded policies have reduced the living standard of the poorer particularly those most on state benefits. At the same time, to render the economy more dynamic and to increase employment, they have favoured a redistribution of resources in favour of the rich,

mainly through tax cuts rather than pursuing policies such as investment in infrastructures.

Neo-conservative political leaders have expressed their faith in the power of the market to redistribute resources in such a way that families can “provide for themselves”. Appeals that are made *vis-à-vis* the evident failure of markets to implement any such distribution and the growth of families and individuals incapable of caring for themselves. What is needed perhaps, is a more humane system which cushions the blow for those who are not in a position to take evasive action when so threatened.

The idea that fairness could be achieved by a combination of the complemented working of the market and of the family has somehow aborted. Slowly it is recognized that markets have their limits, that their outcomes are not always fair and that they demand public intervention as they need some adjustment to eliminate the inherent inequalities individuals face when entering the labour market. A position shared by a capitalist such as George Soros who recently (1997) expressed his reservations about free-market ideology stating: “ *Although I have made a fortune in the financial markets, I now fear that the untrammelled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer the communist but the capitalist threat*”.

In this framework it is rather surprising that liberal capitalistic governments have reacted in the last fifty years favouring the market, reducing the presence of the state and directing socio-economic relations toward the *private*. Our societies which are so efficient in handling and solving gigantic defence or spatial programs seem unable to cope with problems such as mass transportation, public health, mass

education and similar. Private enterprise is being continually encouraged as we witness the failure of public organizations. In any field, it is argued, a private organization can provide goods and services better and more efficiently than a public organization.

People are no longer surprised when learning of the many proposals that groups of citizens push forward to curb or to eliminate public programs originally designed to make possible a transfer of wealth from the rich to the poor. This widespread disinterest, or worse, the support of many anti-social proposals is the result of a sort of ineluctability in the process of turning private many public activities. In the age of globalisation -it is claimed- there is no need of government' regulation. Au contraire exists, it is suggested, the necessity of strengthening the regulatory role of the market leaving to individual units the task of finalizing goals and priorities in the allocation process. An approach shared by relevant segments of moderate political parties and of socio-cultural forces.

We should try to understand why our concern for our neighbours has vanished and examine the causes for this rebirth of egoism. This will help to discover why many of us are willing to accept a life based on individual values and reject most of the social values we were recently accustomed to. Our moral duties to each other have not changed as a result of economic growth. We still have to be fair, to respect each other's rights to choices and to share the benefits of growth according to abilities and need.

3. Private initiative and public programs.

In a perfect world government could be relied on to build the social infrastructure in which all economic agents operate. But the management of many public programs and services which have as goal the socio-economic improvement of a minority is very often inefficient with the result that programs designed and implemented for the poor - for those who do not have the financial freedom to reap fully the benefits of economic growth - have a low standard and exhibit poor results. Often in fact individuals who were not intended to be beneficiaries appropriate the benefits of the public programs prompting many to consider money spent on those a social waste of useful resources.

The failure of many public programs and the concomitant drive toward a greater and more diffuse presence of the private in the management of public resources may be attributed to the limited imagination with which many of them are run by the not easily controlled responsible bureaucratic structures. It is a fact that in most countries the public sector is under-founded, understaffed, bleeding talent and lacking the expertise to keep up with the rhythms of sophisticated global markets.

The educational process and the social values adopted make the choice between private and public more and more dramatic, requiring a better knowledge and understanding of our systems. Adam Smith, more than two hundred years ago in a well-known passage, suggested that every individual “...*generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it.... he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.... By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it*”(*An Inquire...pg.423*). The pursuit of self-interest is

in Smith restricted to mean the acquisition of more and more money and is used to justify economic egoism and greed from a social point of view. By producing more and more an individual increases his own wealth and, at the same time, the wealth of the nation.

There is, for sure, waste - admit neoclassical economists- in the trial-and-error resource allocation mechanism but it is difficult to conceive of any other mechanism which could adjust to a changing world without error. And while it is sad to observe some people becoming worse off and it is rather unpleasant to be among these, in a system where decentralized decisions are made by individuals, the possibility of penalty for *wrong* decisions seems essential as an incentive for resources reallocation. “ *Money and the market-* writes Abba P. Lerner- *are the institutions by which people are induced, or tempted, or bribed, to do what is in the social interest. If this is control, it is a subtle, a gentle, even if very effective, form of control in which the controllees have the illusion of not being controlled but free* ”. These and others economic institutions are characterized by the fact that “... *people are not forced but induced to do of their own free will what is needed to guarantee freedom in general* “ and have made it possible the working of the perfect competition system elevated by economists “...*to a sacred principle of social organization. – from a piece of machinery that must be judged by its efficacy in achieving the desired ends of society, to a moral imperative*”(Everybody’s Business, pg.128).

Most of the countries which experiment a continuous growth, are characterized by a free enterprise system based on private property and on individual’s freedom. The triumph of the entrepreneur fortified the idea that there should be a sphere of private conduct and initiative which is off-limits to the state. The state intervenes only to foster a favourable climate wherein the free enterprise may prosper. The market reduces greatly the range of issues that must be decided through political means and thereby minimizes the extent to which government need participate

directly in the game. This philosophy has been from time to time abandoned for a more incisive role of the State as that proposed in the thirties by Keynes, fact that has brought many western economies toward the so-called managed economy.

We are increasingly aware of the special nature of our present economic system that proceeds from exhaustible resources through goods and services into waste and pollution getting exhaustion at one end and pollution at the other. A phenomenon that, evidently, cannot go on forever.

All production processes produce goods and bads, wanted and unwanted by people, respectively. In a private property system, however, there is a tendency to consider social the costs associated to bads' production and private the benefits associated to goods' production (and to resources' depletion), causing what economists call external *diseconomies* or –according to Herman E. Daly- the working of the *invisible foot*.

The adoption of more social concept of property rights or the abolition of private property (instruments and means of production) has not succeeded in avoiding the tragedy of the mixed property system. The experience of the socialist countries is in this regard revealing. Neither the capitalist nor the socialist systems have escaped the mixed property crisis. More and more people concede that the problems which arise from mixed property systems, cannot be solved by regulation. In all countries we have witnessed the failure of policies originally designed to regulate mixed property. Inefficiency, excess uncontrolled bureaucratisation, differences in value judgments among society's members seem to make regulation unfeasible.

Our societies should devise new institutions that will make it possible for every individual, in pursuance of his own interest to help others to pursue theirs. We need

to grasp the political, social and economic context of the current predicament and to adopt common value judgements to give birth to altruistic societies. Common people's beliefs, values and feelings about each other can bring mutual help and cooperation among people. A situation where individual gain is larger than that realized in isolation and where the benefits of cooperation are distributed according to some agreed upon criteria of fairness. Cooperation can contribute to offset exploitation, present in every human society and built into a variety of structures (economic, political, religious, family) to correct the arbitrary allocations of natural ability and all circumstances that introduce elements of unfairness in our lives.

Kenneth Boulding in his presidential address to the American Economic Association in 1968 spoke on “*Economics as a moral science*” and while he did not embrace altruism he suggested that economics –as an exchange system- lies between the threat system (malevolence) and the integrative system (benevolence) and that in a society organized by exchange, there exists a strong tendency toward the integrative system and the integrative institutions as benevolence seems to be an important element in establishing a satisfactory personal identity”.

4. Social goals and institutional constraints.

The social instability we observe in almost all socio-economic systems is an alarm that signals the need for different solutions to the many problems human beings are facing. The awareness of a growing number of individuals for these aspects is emphasized by their more or less violent antagonising behaviour. Growing dissatisfaction with their given social status provokes in the majority of individuals the desire for significant change. We are in a process of transition to a new phase of civilization. The march of international capitalism -globalisation- will make some

people undoubtedly richer while it has to be seen that the poor will benefit from it. Socio-economic crisis and social instability are going to stay with us unless we realize the limitations, the absurdities, the inefficiencies, the inequities and the “non ethicality” of our way of living.

Social scientists who study existing societies and their evolution do not venture to suggest the basic institutional changes which are a *conditio sine qua non* for a more rational use of limited resources, a reduction in the level of socio-economic struggles, a more equalitarian diffusion of knowledge to enlarge men’s sphere of freedom. Whether we impute this behaviour to the respect toward the sacred cows of our institutions or to the fear of sounding imaginative and hence unscientific is of no interest. It remains true that the dynamic of our societies requires a more profound understanding of the social forces that constitute the backbone of our institutions. In this context the quest for imaginative thinking (*utopia*) should be considered not as a futile longing for unreal changes but as an urgent demand toward the elimination of all the obstacles devised by the elites in power.

The term *utopia* has been abused and its meaning discredited. A correct appraisal of the concept requires a more careful attention to its *operational aspects*. The issue is not that of an ideology versus another but rather a more general and reduces to the more concrete problem of why the quest for *utopian solutions* to every day necessities is growing.

Rehabilitation of utopia cannot further delayed. Social scientists’ task is that of suggesting the necessity to base reasoning and to build socio-economic models in an utopian framework. Utopian possibilities are indeed inherent in the techno-structures of our societies. But their implementation would not eliminate our miseries unless we do not reassess the role each human being is willing to play in the whole system

where nature has put him. The problem is not that of transferring the control of the productive processes from managers-bureaucrats to workers but rather to promote qualitative changes to free man from the chains imposed on him by the struggle for economic and social survival. Liberty for these men will not be granted by the existing societies that suggest unlimited wants' satisfaction but rather by the knowledge and the understanding of their *inner value*.

The advent of the information society has made possible the aggregation of millions of uncoordinated citizens, easily exploited by magnetic personalities who mastering communication techniques are able to manipulate emotions and control thinking. Ratiocination, preferably in the form of mathematical manipulation and electronic data processing, has taken the place of perception and understanding of basic concepts.

In an attempt to understand ever more by generating more information we overload our capacity to integrate or assimilate what we are doing. The barrage of information has led society to a condition where it is *data rich but perceptually poor*. The quest for information appears to lead to a condition which could be described as *information neurosis*. We cannot get enough primarily because we do not know what we are looking for or why we want it. We just have a vague feeling that more information is better than less. In this society there is no place for intellectual dissenters. They are displaced by experts who will become in effect house-ideologues for those in power, providing overall intellectual integration for disparate actions.

We already enjoy some of the benefits of the information society. We act so to implement anything technically possible. Maximal output has resulted in the spread of a belief that ***more is better***. The development of a society is considered in terms of more goods, more of anything in all fields. The industrial systems in which we live

suggest complete and indiscriminate satisfaction of desires and the consumption of things which give little or no pleasure except as representative of wealth . In the name of freedom many wants become needs, the existence of the former being considered a necessary and sufficient condition for the satisfaction of the latter. The search for maximal efficiency and output has resulted in the penalization of individuality and the bureaucratisation of society.

The case against greed was best made by John Stuart Mill who wrote: “ *I confess I am not charmed with the idea of life held out by those who think that the normal state of human beings is that of gurgling to get on; that the trampling, crushing, elbowing and treading on each other’s heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress*”. And he added “*the best state for human nature is that in which, while no one is poor, no one desires to be richer, nor has any reason to fear being thrust back by the efforts of others to push themselves forward*”(Principles of Political Economy, pg 236).

Imagination could play a fundamental role in the techno-structures of our societies in motivating people individual’s goals and desiderata on which to build new socio-economic systems. The resulting model should then be elaborated so that each member of the community, properly informed, could express his preferences with regard to those aspects that affect his life more directly. We should ascribe operational meaning to the desiderata that motivate us, question their values, assess the long-range consequences of our actions, check whether the expected outcome will in fact correspond to the *quality of life* we want, make sure our current decisions will make the achievement of the envisioned goal possible.

The need for a fresh approach arises from the necessity of breaking the *old* schema which because *old* are considered just and appropriate. Projects, technically feasible, are very often considered *ridiculous* when based on *new* - and sometime common sense - approaches. The degree of sclerosis of our economies increases while we keep thinking along the so-called laws of economic growth. The increased complexity of our systems determines however stricter and diffused forms of control on individuals. Those who show signs of independency are marked as antisocial and their behaviour penalized. Our very regimented neighbours fight against fantasy and imagination day after day. New solutions and suggestions to problems are often incompatible with the existing societal values and habits, the *despotism of tradition* being very often an obstacle to human progress.

John Stuart Mill in his famous essay condemned the lack of fantasy and the coercion that tradition has on individuals. “*The despotism of customs –he wrote- is everywhere the standing hindrance to human advancements, being in unceasing antagonism to that disposition to aim at something better than customary, which is called, according to circumstances, the spirit of liberty, or that of progress or improvement. The spirit of improvement is not always a spirit of liberty, for it may aim at forcing improvements on an unwilling people; and the spirit of liberty, in so far as it resists such attempts may ally itself locally and temporarily with the opponents of improvement; but the only unfolding and permanent source of improvement is liberty, since by it there are as many possible independent centres of improvement as there are individuals*”(On Liberty, pg,43).

5. The eclipse of reason and the growth of economics.

The eclipse of reason and the growing prestige of science as a source of power has produced what Huxley (1946) called ***nothing but thinking*** . “ *Because of the prestige of science as a source of power, and because of the general neglect of philosophy, the popular **Weltanschauung** of our times contains a large element of what may be called nothing but thinking. Human beings... are nothing but bodies, animals, even machines...; values are nothing but illusions that have somehow got themselves mixed up with our experience of the world; mental happenings are nothing but epiphenomena.... spirituality is nothing but.... and so on*”(Science, Liberty and Peace, pg.84).

The only answer we have is the adoption of rational thinking to face and solve the many problems we encounter day after day. Rationality should, however, be something more than the simple application of science and technology; rather reason pushed up to a level of human dignity and individual autonomy. Rationality has to be bounded with morality so to allow us to choose and grow.

Economics is among the social sciences that which more desperately needs a fresh imaginative approach. Our economic systems are inadequate to cope with present and future needs. We should formulate and experiment new approaches to the management of our life. The existing ideologies, the systems and models proposed or already in existence deal with the institutional aspects rather than those more essential that concern every individual's life. The problems of each of us centre around the way and quality of life, the certainty of receiving from the community all we need and are entitled to in return to our due share of work in a society based on equity and freedom.

Economics should be looked at in a decision-making framework. This means that no unnecessary restrictions should be put in the formulations of any economic problem. And, as to decide always implies to evaluate, we should select among all the possible alternative futures that one which is best in our judgement at the time. Considering a future as a set of different elements (some positive, some negative), we have therefore to choose that in which the sum of positive values minus the sum of negative values - both measured not necessarily in money terms - is greatest. But what rules should be considered in deciding how to treat future generations? One could think of adding a time dimension to the usual Arrowian efficiency-equity formulation to obtain income redistribution among generations. In this context, if we prefer an egalitarian approach to intergenerational equity, present generations –given past secular growth- should leave less to future ones. Alternatively we can select to pursue the goal of altruism where each generation desires future generations to be better off than itself. In both cases, given a coherent view of intergenerational equity, an approach in dealing with the future would be to maximise the size of pie and, if the distributional consequences were not as desired, to adopt tax and transfer measures to achieve the desired distribution.

The prevailing view of economics as neutral with regards to ends and *wertfrei* is for Myrdal “*pure non-sense. It never existed and it will never exist*”. (*Value in Social Theory*, pg 49). The absence of values and the lack of a clear understanding between what is and what ought to be in economics underline the role that ethics should play in the formulation of material welfare of individuals, a component of man’s total welfare. Economics cannot be dissociated from ethics because the satisfaction of wants cannot be the final and total goal of men’s life. It is the superiority of reason over the human condition that takes to actions that are ethical.

Values judgments are a prerequisite for any analytical study of economics. Starting from preferences criteria that reflect value judgements and given the constraints of limited resources and existing technology we should look for and determine the feasible optimal solution. Then we should select that institutional structure which is most appropriate for the working of an economic system that is the closest proxy to the ideal one. Institutional constraints should therefore be chosen making their adoption the least possible binding in relation to the achievement of the selected socio economic goals.

The imaginative effort, the *soul searching* should receive more attention than that they get by economists. Within this framework it could be possible the design and construction of models to be looked at as useful and meaningful efforts to understand and solve our economic problems. Economics should be considered as a continuing search to innovate, to reform, to study and implement projects logically and technically feasible eliminating the rules and the resistance put forward by contrasting interests represented by the elites in power that delay or impede their realization.

Our societies should be transformed so that life-style choices could be more carefully assessed. This implies changes in people' social values which can take place as a result of innovative education, common knowledge of the existing and feasible alternatives and interaction among people in a free society. The consumer upheaval will then very likely push forward a change toward a social view of the production process that will result in a new way of life. Labour socially useful will be assigned to improve our environment, to move people to an appreciation of art, to spread tenderness and love among individuals who have been alienated from the "primitive values" any human society should have.

6. The economics of unlimited growth.

Present day economics while claiming to be ethically neutral, in fact spreads a philosophy of unlimited expansion without any regard to the true and genuine limited needs of man.

The pursuit of economic growth without regard to ethical considerations is to be considered meaningless. A civilization based on the assumption that riches are not a means but an end, implies that all economic activity is equally valuable, whether subordinated to a social purpose or not. Similarly, scientific and technological progress is considered an engine to economic growth regardless of the direction taken by such a growth.

Growth implies unlimited satisfaction of wants and hence the use of unlimited resources. Scarcity of a resource can be relative if referred to another resource (or to a different quality of the same one) or absolute if referred to its scarcity in general. To overcome the first we make substitutions (combining the adjustment of the price mechanism with new technologies), the second increases as we increase in our per-capita consumption and as population grows. This distinction implies that only relative wants are insatiable contrary to the current orthodox economic theory which treats wants in general as insatiable and refuses to adopt value judgments so as to discriminate between different wants.

Humans are confronted with two types of allocation problems. Both are grounded on scarcity of limited resources in relation to needs and wants, which are unlimited and can never be satisfied. Both involve the sacrifice of rejected alternatives. But while the nature of the first is essentially economic that of the second is existential and impinges on the scarcity of resources like *life, time* and

energy that, as humans, experiment. Existential scarcity relates to everything that is sought by individuals and is not related to the procurement of goods and services and cannot be satisfied within the logic of the market. Non-economic needs such as friendship, love, affectionate human relations and all forms of action which are related to myth and utopia, represent the real costs of economic growth.

Within our affluent society there is a social-good attribute associated with want satisfaction, a situation that pushes people to compete for place in society with the resulting social paradox that “ what is possible for one individual is not possible for all”. Consider for example the investment in human capital to obtain a higher income. If everyone gets a university education, expectations are cancelled, individuals blame the market system and turn to the state for help, politicising the issue of distribution.

We are living what Daniel Bell (1977) calls the revolution of *rising entitlements* where the satisfaction of private wants and the redress of perceived inequalities are not pursued individually through the market, but politically by the group. The combination of rising expectations and/or entitlements accompanied by the faltering economic performance can however produce a significant increase in demand for protectionism, hence the necessity to design programs that protect individuals without damaging the efficiency of the markets. In fact, the more equal distribution of votes in the political system changes the idea that citizens have of the role of the state and result in changes in legislation in favour to a greater and more diffuse state intervention.

The neo-conservatives have been successful in opposing the financing of special interests groups that are pitted against each other in order to gain access to a share of a slow growing economic pie. But the reduction of government expenditures combined with a cessation of borrowing from future generations has limited the

capacity of governments to buy-off these interests groups and therefore increased instability in our systems. To offset some of these problems governments have turned more and more on regulation as a device for bestowing property rights on consumer groups in spite of the existence of evidence (*Stigler-Law*) that shows how regulation normally tends to be in the interests of those being regulated, realizing hence a significant income redistribution.

Governments have been and are willing to supply this kind of regulation mainly because it is a highly effective mechanism for bloc-buying of votes. Regulation is then seen as a sort of protection against the impersonal working of the market mechanism. It is therefore destined to grow as a result of the combination of rising expectations and/or entitlements and of slowing economic growth. Growth is in fact a catalyst which dissolves conflicts of our redistribute society. In this framework the demands for protection will have a tendency to rise and result in further government action. Government will be asked to step in as a distributive referee even though its intervention may result in the growth of *mafia-type societies* – as suggested by Boulding – in which government is mainly an instrument for redistributing income toward the powerful and away from the weak.

7. Growth-mania and the feasibility of the stationary-state.

The classical English economists thought that processes of economic growth could not go on forever and would have to result eventually in a stationary state where no further increases in population and capital are possible and hence no further increases in output or standard of life is possible. John Stuart Mill more than 150 years ago expressed his view on the stationary state in words that could scarcely be improved upon. “ *It must always have been seen, more or less distinctly, by political*

economists, that the increase in wealth is not boundless: that at the end of what they term the progressive state lies the stationary state, that all progress in wealth is but a postponement of this, and that each step in advance is an approach to it I cannot... regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present condition ”(Principles of Political Economy, pg.76). A view not shared by Adam Smith who was not enthusiastic about the stationary state as he considered it dull . “ It deserves to be remarked, perhaps, that it is the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable. It is hard in the stationary, and miserable in the declining state. The progressive state is in reality the cheerful and the hearty state to all the different orders of the society. The stationary is dull; the declining melancholy “(Adam Smith, An Inquire..pg.81).

The implication of the dogma of the relative scarcity of resources and the insatiability of wants causes growth-mania. This implies production maximization that has its *raison d’etre* in the existence of consumers demand for goods and services. With regard to goods it is evident that their durability reduces the replacement demand. Hence to maintain a high level of production things have to wear out fast. Programmed self-destruction, planned obsolescence are familiar practices that corporations adopt to minimize durability compatibly to consumer reaction and competition from other firms. With respect to services the demand has been for an increase in the social services. Although offered in a rigid, bureaucratic, paternalistic way and hence criticized as inefficient and unfair they continue to retain validity as an element of fairness in our systems.

A few economists have suggested that a zero growth stable economy is the best of our possible worlds. Such an approach implies that throughput which is the physical flow of matter energy from nature's sources and back to nature has to be minimized. As Boulding so beautifully put it *"Throughput is by no means a desideratum, and is indeed to be regarded as something to be minimized rather than maximized. The essential measure of the success of the economy is not production and consumption at all but the nature, extent, quality and complexity of the total capital stock, including in this the state of the human bodies and minds included in the system. In the spaceman economy, what we are primarily concerned with is stock maintenance, and any technological change that results in the maintenance of a given total stock with a lessened throughput (that is, less production and consumption) is clearly a gain. The idea that production and consumption are both bad things rather than good things is very strange to economists."*

Central in this approach is the concept of minimization of the stock of wealth subject to some agreed upon minimum standard of living and population size and not, as at the present, the physical flows of income and consumption that should be minimized not maximized. A concept that runs against the current economic orthodoxy which suggests the maximization of income and consumption (physical flows).

Naturally the stocks of wealth (capital) and people (population) do not stay constant as people die and capital depreciates. The constancy of these stocks is maintained by equalizing the rate of inflow (birth, production) with that of outflow (death, consumption). The stationary state is further characterized by the rate of throughput, which should be as low as possible. (Low rates of throughput imply a "low" level of depletion and pollution). For the population it means high life

expectancy, for capital (low production and low consumption) means greater durability and re-usage of goods and less time sacrificed to production (more leisure).

The elements just mentioned describe the stationary state of an economy whose most important issue is distribution and not production. The arguments put forward to justify inequality in wealth as necessary for saving, investment and growth lose in this context validity. With low-income flows, the focus is going to be on the distribution of the stock of wealth and not on the distribution of income. *Eventually –as suggested by Boulding – a stationary state is inevitable and we have to come to deal with the process of transition from a growth economy into a stationary state, a process that may turn to be very difficult and that will require a large intellectual, and moral effort on our part.*

Slowly the positive aspects of a stationary-state are being considered as the failure of growth policies to promote an “acceptable” standard of living for the poor and indigents cannot be ignored. In fact, although governments of industrialized countries have been and are committed to a policy of economic growth none of these countries is willing to sacrifice what are regarded as fundamental liberty for growth. Even within this limitation, none is willing to push growth regardless of costs. None forsakes compassion expressed in social welfare programs to accelerate growth.

8. Money and free provision of necessity goods.

The existence of money justifies the ideology of non-satiation of wants. As already pointed out by Thomas Aquinas, the desire for money has no limits whereas that for natural wealth has. It is time we recognize that we need to fight the false

ideology that the only values which matter are those which can be measured in money.

We should abandon the mercantile habit of associating money with everything. To understand and solve our economic problems we have to free ourselves from the habit of thinking in money terms. Money is only a part of the very institutional framework. The real world exists independently of the economic institutions that have been chosen. Beyond concepts of interest, dividends, money, liquid assets etc., it is necessary, to look at the sufferings of the individual, his daily bread, the clothes he wears and so on. Goods, services and activities should be valued according to how they may serve an individual's personal choices embodied in his or her life-plan and ethical principles and not according to a monetary or other conventional measure.

We should investigate the direct and indirect effects of a system based upon market prices and money. The idea that the working of the market could automatically lead us to a single allocation of goods is rather naïve. Economists know that for a given starting point (allocation) there exist multiplicities of different prices, which produce an optimum.

In a market system we are used to associate to each economic phenomenon a monetary epiphenomenon. Suffice to think to the nonsense of the destruction (elimination) of goods produced in "excess". To "maintain the price" of coffee in Brazil, tomatoes in Italy, butter in the E.U and so on, valuable resources are destroyed. Nonsense, which is perfectly logical in an accounting framework but that, ignores that the main goal of an economy is need satisfaction. (Rather than eliminating goods produced in "excess" these could be given freely to charitable organizations to satisfy poor' needs).

In another context, consider the traffic problem we face daily as we experiment a poor transportation system. Public transportation could be improved, made available to all at no cost, reducing city traffic and road gluts, average travel time, depletion of resources, pollution and all externalities associated with private transportation. Or the medical treatment of a given disease. Modern medical technology could prolong the lives of a great number of patients who are seriously ill. But the pursuing of such a policy has limits that are not only monetary (organs availability for transplant, to mention one). Therefore, before being extended to all society members, many of such public health programs should be confronted, in terms of human lives saved, with alternative public programs such as improvements in roads maintenance or in traffic signals.

To modify a system based on monetary values may be considered foolish. However, it is more foolish to think that our societies can survive and grow with the ever-increasing complications we experience. A radical approach could be to distribute freely services such as health, public transportation, education, cultural activities and all those needs whose satisfaction should not constitute an element of discrimination among individuals. (We can imagine a free distribution system with rationing personalized coupons or cards, for example free transportation from home to office, free meals at schools and offices, etc.)

In a society where all “ *basic needs* “ are guaranteed by the state each individual should receive, before entering the labour market, enough income for subsistence (a tax-free sum) so that each can reach the same living standards leaving all free to choose between a paid or unpaid work. Wages would be thought of and considered in terms of additional income -rewarding individual effort- above the subsistence one that would be given by the basic income. This can be considered as the ***social dividend*** representing a fair sharing among all actual and potential workers of the

benefits of economic development and destined to increase as the general productivity of labour in the system increases. The quest for economic security is then not an individual burden but rather a goal of the society as a whole .

9. Promoting the art of living.

Whitehead in his well-known essay (*The function of reason*) suggested that the function of reason is to promote the art of living. That is, to foster and develop all actions which make man human. Man lives in a world where the results of his choices are uncertain. The awareness of widespread uncertainty in his daily life has stimulated men to grow through a process of experimenting and learning and to develop means to deal with it. The role of science has been in this context essential forcing human beings to adapt faster and faster to changing environments. As science, considered as facts classification and models' construction cannot verify statements such as justice and liberty are better values than injustice and oppression, these latter are considered unscientific. Scientific progress is no longer questioned. On the contrary it gives scientific certainty suggesting optimal solutions and relieving humans from the "*anguish of choice*".

Nowadays we witness the divorce between actions and their results. Feelings of non-commitment and non-responsibility (lack of value judgements) are therefore present among the majority of individuals. Men are free to choose between alternatives that are within their reach but no realizable within one lifetime. Freedom presupposes self-determination and implies a dynamic process of exploring, inventing, formulating the alternatives available and then selecting that or those which better match our inner system of values. Freedom reflects a subjective perception of external constraints and there is no authority to which to delegate our

choices. (Unfortunately there are many who think that freedom means people getting what they desire and that we should make sure that they desire what they are getting).

Choices require moral and ethical norms and imply always sacrifice. A situation that well exemplifies what Max Weber called the *spirit of capitalism (rational economic ethic)*. To him it imposed a moral obligation to postpone and sacrifice need satisfaction, to refrain from gratification, to save and refrain from luxurious and unnecessary consumption and expenditures. “ *The summum bonum - he wrote - of this ethic is the earning of more and more money combined with the strict avoidance of all enjoyment*”(The Protestant Ethic...pg 87). This religious belief has been replaced by the conviction that economic success is the standard to measure individual worth and superiority. The growing abundance of material goods has rendered the avoidance of enjoyment as entirely irrational and has strengthened the position of those who think that “.. *the desire of bettering our condition comes with us from the womb and never leaves us until we go to the grave*” (Adam Smith).

Saving and production of durables that lead to capital formation are praised reflecting work ethic and positive values of saving, thrift, capital formation, and employment. “. *Capitals - wrote Smith - are increased by parsimony and diminished by prodigality and misconduct. Parsimony....is the immediate cause of the increase in capital.... That portion which he annually saves is consumed... by a different set of people, by laborers, manufacturers and artificers who reproduce with a profit the value of their annual consumption... What a frugal man annually saves.... Afford maintenance to an additional number of productive hands... the perpetual allotment of this fund...is guarded... by a very powerful principle the plain and evident interest of every individual to whom a share shall ever belong.*(An Inquire...pg 115)” Situations that – according to Marx – can exist only in absence of private property where the individual can freely dispose of and consume his product. The existence of

the private property and the division of labour destroy this freedom causing *alienation*, a status that implies the negation of the wholeness of man.

The utilitarian hedonism of the nineteenth century has replaced the classical economics based on labour theory of value, a replacement accompanied by a *relativization* and *subjectivization* of the goals of life in general and of economic action in particular. This approach implies the total absence of moral standards and one that views individual interests as essentially equal and comparable on a quantitative basis. A result that makes it possible to aggregate the satisfactions of individuals to a social sum total, a concept that still is at the basis of most of the modern economic growth and welfare.

10. The GNP fetishism.

Originated in early capitalism and in classical economics, it is connected with ideas of scarcity and need satisfaction. The pursuit of economic growth has been rationalized on the ground that it is necessary for full employment, for the elimination of poverty and for a greater equality.

The desirability of la *civilization de toujours plus*, to use a definition of de Jouvenel, has solid ground on our thinking. The ideology of more and more is so strong and widespread that we seldom realize we are pushed toward more work and more consumption by the system rather than by our choice severely limited by what can be profitably standardized and mass-produced.

Economic growth, especially since the period after the Second World War, has been sustained by a high and stable level of aggregate demand, a policy pursued by governments' fiscal and monetary policies considered sufficient to push an economy along a path of material welfare. The result has been a policy interested in size and growth in the aggregate and not in composition and distribution.

Rapid growth -it is claimed- is essential to advancing material welfare of the rich countries whose growth has continually progressed *pari-passu* with the increase in trade on a worldwide scale. For the progress of the world economy rich countries must get richer, allowing them to export more capital and provide better markets to the less privileged. And the process of pushing forward the frontiers of technology, even though it may not help to raise the relative position of the less developed, adds to the material welfare of everybody in absolute terms.

Growth rates of the GNP have different qualitative significance in rich and poor countries. At some level, already passed in most of the richest economies, an extra unit of GNP costs more than it is worth. While in a poor country an extra unit of it constitutes satisfaction of relatively basic needs, in a rich one represents satisfaction of relatively trivial wants (think to the electric toothbrush and similia), with the result that for a poor country growth in GNP is a *good* thing while it is relatively *bad* for a rich one prompting John Stuart Mill (1848) to state that in the most advanced countries what is needed is a better distribution.

Economic growth and technological change - it is suggested - are the means to reduce the negative effects of an unequal income distribution. With an increase in GNP everybody will be better off and thus income will be distributed less unequally. But things have not worked this way. In front of a continuous growth in GNP the trend toward a greater equality in the distribution of income has been disappointing.

To reverse this tendency governments could operate increasing the number and quality of free services and promoting the formation of social capital from which the *poor* benefit more than the *rich*.

A continuous growth rate is advocated to reduce poverty and sustain full employment. But if a higher GNP is wanted simply to accomplish full employment, we end up with a situation where production becomes the end and consumption the means. To employ more people, more goods have to be produced but more people can be employed only if more goods are consumed. The resulting vicious circle is that people must consume in order to work and not vice versa.

The existence of unemployment – an irreversible loss of human capital – implies that the chosen system of social values is not optimal for a given economy. Whether developing or mature, all economies have plentiful of jobs opportunity and tasks that could be performed by all members. But according to the economic laws and the prevailing praxis, even in a period of recession, people are fired and granted unemployment benefits, the rationale being that at the prevailing market salary there are no available jobs! Very few recognize that the economic assumptions: no work = no pay = no consumption, become meaningless if extended to a whole economy.

We have to reconsider the ethics of work, which prescribes that those who do not work should not eat. This not only because - it is claimed - there would not be otherwise any incentive to work but also because a principle of social justice would be violated. As poor in our affluent societies cannot be eliminated the distribution of purchasing power and income regardless of their contribution to production is inevitable for humanitarian reasons and necessary to move the goods produced from production to consumption.

The separation of income from traditional work nowadays is a relevant problem for the emarginated minorities for whom - it is claimed - there are no jobs and also for the affluent majority that experiments a reduction in working time and an increase in leisure destined in the near future to become more and more important. A vision anticipated by Bertrand Russell (*In Praise of Idleness*, 1930) who viewed the unemployment problem in terms of leisure distribution suggesting a policy of leisure growth.

The loss of jobs in the traditional sense will require the growth of new types of activity and the emergence of new ways of life. In a utopian future most people will live on a fixed income unrelated to their activity and sufficient to cover the necessities of life. There is considerable evidence that people share an idea of acceptable minimum standard of living and consider it as the state's duty to guarantee this standard.

All this may sound utopian but it is not. The actual level of technology could allow us to live differently, whereas individual greed prevents the acceptance of guaranteed fixed income, an allocation of production according to social priorities, a separation of work from income. Continued technological progress will result in increased leisure prompting us to consider fewer activities "worth the time" as time becomes more expensive in terms of goods and make us goods-rich but time-poor.

We should all fight to halt the process of dehumanisation at which we are assisting defencelessly and to restore man as the centre of our socio-economic systems. Economic resources should be used to encourage the pursuit of civilization's goals. Failure to agree on them (moral relativism) has resulted in the past in warfare as means of resolving conflicts, conflicts which are rooted in the absence of commonly agreed moral truths.

I would like to conclude reminding you all that society is the result of men's contributions in thoughts, works, and words made day after day for the benefit of those to whom they will give birth. As beautifully put by Albert Einstein *"...man is here for the sake of other men above all those upon whose smile and well-being our happiness depends, and also for the countless unknown souls with whose fate we are connected by a bond of sympathy. Many times a day I realize how much my own outer and inner life is built upon the labours of my fellow-men, both living and dead, and how earnestly I must exert myself in order to give in return as much as I have received"*.

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