

Operation Noah Theology Seminar
Friends Meeting House, Euston Road, London March 2nd 2013

PRINCIPLE FOR AN ALTERNATIVE ECONOMICS – TIM GORRINGE

How did we get where we are?

Why has neoliberalism not disappeared as a result of the financial crisis of 2007-8?

There are three key reasons for its persistence as the dominant economic model:

1. Economics is presently construed as a science rather than as a “branch of moral philosophy” (Keynes). Neoliberalism, construed as the product of objective scientific study, does not recognise the idea of “more ethical” economic alternatives.
2. The alternative Keynesian model lost sight of any other goal for economics than growth and so does not offer an alternative which addresses the present ecological challenges.
3. Neoliberalism is the product of a concerted ideological struggle over many decades (eg. Mont Pelerin Society, Chicago School of Economics). This has created a dominant presence of neoliberal economists within university departments.

What are people for?

In exploring the principles for a new economics a key question which needs to be asked is: what are people for? Aristotle argues that “making money” should not function as the permanent focus of life. Linked to this question are the questions asked by Keynes: What is money for? How much money is needed for a good life?

The Skidelskys¹ identify an error in Keynes’ thinking in the way that he assumed limits to human “needs” and “wants”, so that, given ongoing technological advances, once these needs and wants have been met there would be more time for leisure and less demand for economic growth. In practice “needs” and “wants” have been continuously redefined and so continue to magnify endlessly.

The Skidelskys argue that instead of building an economy upon the principles of meeting “needs” and “wants”, which will vary in definition according to the changing contexts it is preferable to begin with an agreed definition of “the good life” which would then shape the direction and goals of the economy. For the Skidelskys the “good life” is to be achieved through securing certain “basic goods” which they list as: health, security, respect, personality (autonomy), harmony with nature, friendship, and leisure.

The function of the state also requires review. At present the state defends the market, private property and enforces contracts. Intervention beyond this risks the “nanny state” accusation. But in reality the state can and does intervene in a wide range of ways (eg smoking laws, road safety rules). Could the state intervene in favour of an agreed vision of “the good life” without being illiberal.

¹ Skidelsky, R. & Skidelski, E. (2012) *How much is Enough? The Love of Money and the Case for the Good Life*, London: Allen Lane

If it were agreed that leisure is a basic good of the good life could the state intervene to (for example) introduce a basic income as proposed by James Meade, which could be financed through tax?

How do people work?

The notion of the good life or the public good is challenged by writers such as James Buchanan (In *The Limits of Liberty*) who argue that social life is simply the product of the interaction of competitive individuals. Humans are calculating information processors and voting only indirectly expresses their preferences. Buying and the markets are the only accurate voting machines, so that the markets can do the job of ethics (cf Hayak).

In contrast to this approach Wendell Berry argues that morality emerges not from the markets but rather is shaped by “long term practicality”. This is similar to the approach of the Torah which presents a set of rules for life and claims that if people live according to these rules they will flourish, and if they do not, they will die.

Herman Daly argues that we cannot allow the markets to determine the price of the earth’s resources. Instead of the markets we have to make ethical decisions about the use and price of natural resources. Politics needs to take priority over economics but at present our politics is controlled by lobbyists. We need to start where we live in community with others and then work out our economics from there. Michael Sandel in his book “*What Money Can’t Buy*” gives further support to the priority of public debate about the moral limits of the markets. Prioritising moral philosophy over the operations of the market is also a crucial principle of a new economics for Tim Jackson (see his book “*Prosperity Without Growth*”).

We are witnessing increasing inequalities in the redistribution of economic growth. Herman Daly explains that the rationale behind the push for endless growth is the idea that we might all have more with sacrifice for none. Redistributive economics, in contrast, begins with some understanding of fundamental human equality.

We are told that without competition society stagnates because there is no driver to develop further technology. But:

1. The law of competition is a paradox – successful competitors destroy competition.
2. Competition always produces winners and losers, with an ever growing pool of losers.
3. Do the values of competition reflect what it means to be truly human?

The values of competition are challenged by those who argue for the efficiency of co-operation – the Mondragon federation of worker co-operative provides a well functioning alternative to competition. Co-operatives now form 8% of the Italian economy.

The great economy

The giftedness of all reality needs to be recognised. We could not survive without photosynthesis. We need to have an economy which is articulated in relation to the flow of solar energy and the eco-system. Tim Jackson argues that economics is currently illiterate in relation to the environment and urgently needs to become literate.

The “wealth creation” economy rests upon the often unrecognised “great economy”. We need to recognise our interdependency and the limitations of our energy resources. Community energy co-operatives provide an alternative model which increases democratic participation and have been well developed in Germany and Denmark.

The Common Treasury

The resources of the earth need to be considered as a “common treasury for all” (Gerrard Winstanley). Public goods, or the commons, include culture, public services, knowledge as well as natural resources. The European experience of the enclosures functioned as an original process of privatisation. Defending the commons is now crucial. Community capital trusts could receive, hold and invest capital for all (eg Stroud Common Wealth, Martin Large).

Debt and money

Money is created by banks through lending. Financial stability from the 1940-70s was achieved through governments controlling the cost of capital. Governments should now reclaim the right to create money. Keynes proposal for an internationally available currency, the Bancor, under the control of the UN, replacing national reserve currencies, should be considered. Money needs to function as a public good. Democratically controlled banks in place of private banks would help to change attitudes.

Negative interest helps to challenge the notion that money is “incorruptible”. A negative interest rate would connect money more closely with the normal decaying processes of nature.

The idea of a Land Value Tax should be promoted, because land is a part of the commons. Land value taxes exist in Denmark and Hong Kong.

Community land trusts and the Tobin Tax form other potential elements of a new economy.

Community and place

Globalisation is the process by which corporate power is extended. A key move would be to challenge the legal fiction that corporations are persons which then entitles them to claim the legal rights of persons (see the work of David Korten). A prohibition on for-profit engagement in the political process is required.

Because we are physical creatures our flourishing cannot be divorced from place. There is both a need for localisation and a recognition that we are bound up with everyone else across the world.

Democracy

The economy has taken over the job of politicians. To recover a genuine democracy the power of corporations needs to be tamed and, in their place, worker co-operatives, social enterprises and stakeholder governance needs to be promoted.

ALBION, CHRIST AND THE NATIONS: A POLITICAL THEOLOGY OF CLIMATE CHANGE - MICHAEL NORTHCOTT

Climate scientists are surprised when they are victimised. From their perspective they are collecting and analysing physical evidence, but this very process is regarded as a “lobbying” exercise by some. They are finding that their scientific research is categorised as politics, not science. The latest report of the UN Intergovernmental Panel on Climate Change underestimated the political implications of its scientific conclusions.

The problem we face is a “cosmo-political” problem which does not fit into conventional categories. Through the development of empirical observation by Francis Bacon, Kant’s shaping of moral law on science and natural law, and Adam Smith’s claim that economics is governed by natural law, humanity has become de-centred and sent to the periphery and a split has emerged between economics and morality.

The link between nature and politics needs to be acknowledged. For example, it needs to be recognised that the present political/social contract, policed by the state, which ensures that private ownership is protected, rests upon an original theft of land. The covenant reminds the people of Israel that all is gift.

There is a need for contiguity between human politics and the land on which that politics is set.

In order to address the challenge of climate change politicians need to prioritise the supply side rather than the demand side. In other words, the activities of the companies extracting fossil fuels needs to be the focus of policy, rather than focussing on consumption patterns through carbon emissions laws.

(NOTE: this is a summary of the written notes I took during the seminar and so potentially may contain misinterpretations of some of the content of the two presentations – Simon Topping)