

ALTERNATIVE MODELS OF ECONOMIC DEVELOPMENT

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Economics exists because of scarcity. With scarcity comes the need to make choices. Crudely stated, the economic cake is not infinite in size and there are a lot of hungry mouths to feed. The perennial questions that societies, nations and the world seek to address are how to make the cake bigger and how divide it up. The first question falls primarily in the realm of economics. The second takes us into the realms of politics, ethics and beyond.

Two characteristics of economic life

If we observe ourselves and the society in which we live, we may note two fundamental facts of economic life. The first is that all economic adults – those not dependent on their parents for food, shelter and clothing – are playing a system. The second is that people act out of self-interest. Let's investigate these further.

Everyone is playing a system which provides them with an income, whether large or small. In the UK, people can choose from a variety of systems. Most people choose to work as an employee of an organisation that will give them a weekly wage or monthly salary. They may possibly get other benefits from their employment including a pension on retirement. Some people though may wish for greater independence, have a larger appetite for risk or simply be unable to find stable employment: they may become self-employed and/or start their own business. Others still might simply choose to forego work and live off welfare benefits.

Having chosen which system to play, people make further choices about whether to play by the rules or not. Among those who play by the rules, some adhere to the spirit of the law exercising moral restraint in the face of temptation, while others operate purely by the letter of the law taking full advantage of any entitlements and loopholes. In the past weeks we have seen MPs who claim very little, those who submit claims for the maximum permissible and those who just cheat. Similarly we can find benefit claimants who moonlight and business owners, executives and workers who (legally) avoid taxes or (illegally) evade them.

The systems we play are a product of the socio-political-economic environment in which we live. The environment has been shaped by politics, history, culture, ideology and other forces. In the UK, we are fortunate to live in a mixed economy with a combination of both public and private ownership and clearly defined property rights. We value democracy, the rule of law and an institutional framework which, through the ballot box,

allows us to change the rules that govern our lives. Many others are not so fortunate and must eke out a living in corrupt dictatorships, failed totalitarian states or lawless societies governed by the rule of the gun.

The second fact of economic life is that everyone acts in accordance with their self-interest. Some may contest this, arguing that there are people who live truly altruistic lives with no attachment to worldly possessions. However, such an argument fails to recognise that self-interest differs from person to person. This point was made succinctly by a Buddhist spiritual leader who once quipped: “We monks are the greediest people on earth. Not content with storing up riches in this world we want to have them in the next one instead.” From such a perspective, the economic choices of a wandering dervish are as rational as those of a rich miser who refuses to give even a penny to charity. In the recent scandal involving MP’s expenses, several chose to exercise their entitlement to the hilt, while others did not. Arguably all were behaving rationally in accordance with their particular level of spiritual development, conscience and core values.

In Unificationism, we talk repeatedly about love – a force that makes two into one. Through love, one’s consciousness of self is expanded to include the other. The Buddhist concept of compassion conveys a similar meaning. Regardless of how much or how little we are able to actualise love or compassion, the very inkling of its existence can suffice to modify our behaviour. It would be hard to conceive that a man with any spark of humanity could sit in an expensive restaurant and happily enjoy a lavish meal if a starving beggar stood outside the window watching him. In rich nations in particular, many of us are able to make the economic choices that we do, only because we are relatively isolated from the suffering of others.

An awareness of these two basic characteristics of economic life – that we are all playing some sort of system and acting out of self interest – may not bring us any closer to an alternative model of economic development. It does however enable us to frame the two questions we really need to answer if we want to build better ways of creating and distributing wealth.

The first is: “What constitutes an effective socio-political-economic environment?” The second is: “How can we educate people to behave responsibly and act in accordance with their original mind?”

Building an effective socio-political-economic environment

An ideal environment should motivate economic participants to utilise their creativity and ingenuity to generate wealth in an honest and just manner, while ensuring that the yields of their efforts are divided fairly between them and the rest of society. What constitutes “fairly” is of course a topic of endless debate.

Notwithstanding, an ideal environment must start from the recognition that (a) God is the ultimate Creator (b) man is a custodian of God’s creation and (c) man must fulfil both his individual purpose and the whole purpose.

An environment that implicitly recognises these principles might incorporate some of the elements below. Please note though, these are not being presented as a prescriptive solution to the woes of the world, but purely as a starting point for lively debate:

- **Free and open markets.** The case for the market economy appears to be self-evident. Unimpeded markets foster human creativity and ingenuity and rapidly allocate resources in response to demand for goods and services. However, there are still a host of issues that need to be addressed e.g. Who should bear the social costs imposed by certain economic activities, e.g. smoking, drinking, industrial pollution? Is there a case for state ownership of costly infrastructure and public services? How do we protect consumers from the exercise of monopoly power and collusion among firms?
- **Mechanisms for redistributing economic rent from the individual to society.** Economic rent is the difference between what a factor of production is paid and how much it would need to be paid to remain in its current use. If Ronaldo was not playing football, what would he earn in alternative employment? That alternative income plus only a little extra should arguably be sufficient to motivate him to put his boots on. A similar argument can be applied to those in financial institutions who handle massive transactions and are rewarded on the basis of recorded financial gains. Should they be rewarded any better than someone with equal mathematical acumen who chose rocket science instead of banking as a profession? If one starts from the position that human talents are a gift – one that is given for the good of society and not for the exclusive benefit of the recipient – then how should the rewards from the exercise of that talent be divided?
- **The communal ownership of land and natural resources.** In a similar vein, is it economically desirable that land and natural resources, given by the Creator to humanity, be privately owned? Could people still be incentivized to farm land, mine resources, build factories and develop offices and dwellings if the land and resources were owned by society as a whole and leased under terms that protected an individual users' investment of time and effort?
- **The nationalisation of the banking system.** The banking system is too crucial to the economy to fail. Yet, as we have seen in recent months, the gains can be pocketed by a relatively small group of individuals while the losses must be borne by the whole of society. It therefore seems only fair that the banking system be nationalised. If so, could a nationalised banking system operate on commercial lines free from political intervention to the optimal benefit of society?
- **Welfare-work schemes.** Clearly, civilised societies need welfare systems to support those who are physically or mentally incapacitated. But how should societies treat those who are able-bodied yet in need of income? Should we require benefits recipients to engage in such activities as: the retraining and the learning of skills needed by society; participation in work schemes that aim to beautify urban and rural areas; cultivation of land and the growing of produce; provision of services to the elderly and needy?

Educating people to behave responsibly

Although Reverend Moon has spoken extensively on many issues, he has been notably quiet on the subject of future economic or political systems. That is doubtless deliberate and eminently wise. Jesus too stayed out of politics and economics, advising his audience, “Render unto Caesar what belongs to Caesar” and “Seek ye first the kingdom of heaven...”.

The Communists on the other hand sought to create a utopia through implementing a new economic model of their own. The experiences of the past ninety years should have taught us that the search for an alternative economic model to herald a new age of universal peace and happiness is a dangerous pipe dream. It is not the system that makes the people; rather, it is the people that create the system. An ideal society is not possible without ideal people. If such people were to emerge, they would surely manage to fashion appropriate systems for generating and distributing wealth. Their society would be more just and equitable than ours. Therefore, raising ourselves up spiritually is more germane to creating a better society than the search for alternative economic models.

While much work has been done by academics on the value of investment in so-called “human resources”, there have been few if any studies on the relation between investment in moral and spiritual education and the economic well-being of society. Even in the absence of documented evidence, the UK government has recognised the importance of creating responsible economic actors. To this end it has introduced courses on citizenship and PHSE (Personal, Health and Social Education) into high school curriculums. But because these courses are framed within the over-arching doctrine of political correctness and have studiously avoid debate on fundamental moral issues, their likelihood of success is limited.

What schools should aim to produce is not socially conditioned citizens who fear to question the norm, but responsible, spiritually developed human beings with an innate grasp of both their individual and whole purpose. In short, the Principle has to become ingrained in the educational curriculum and people need to discover their original nature.

Graham Simon

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