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What is really underlying our economic beliefs? And can we change our modus operandi? Part 2 of a trilogy¹

From whatever angle or ideology the policies come, the declared goal always is the well-being of society, the greater wealth of the nation. With the possible exclusion of crude dictatorships, even regimes that are less than democratic want to portray themselves as having the best interest of the people at heart.

Nowadays widely accepted, overruling even, and blanketing the entire globe is the 'truth' that policies of the free market will serve people's best interest. After the collapse of the Soviet Union and the coming down of the Berlin wall, it is TINA for the liberal approach – There Is No Alternative². The power of this 'truth' is so mighty that it even makes us reconcile the irreconcilable.

China sports a free market economy whilst maintaining a one-party autocratic regime steeped in communist ideology. And in the free democracies of this world, political right and left agree that society could not function without some degree – in fact quite a lot – of re-distribution of economic resources and thereby fulfilling people's needs according to collective plan.³

The one beliefs in communism, but practices individual entrepreneurship and private ownership of production factors. The other beliefs in individual freedom and private property rights, but practices collective re-allocation of individuals' wealth. And we all adhere to the free market paradigm. Confusing, right? Let's try to clear this matter.

What we really all belief in, and rightly so, is 'market'. The market is a natural manifestation of our economic common sense. And markets are, by definition, free. It is the meeting of individuals' free activity to sell and buy that makes the market, where then prices are formed as by 'an invisible hand'. Leaving the decision of how to act to the individual, is the definition of freedom. Therefore, the addition 'free' to 'market' is redundant. 'Free market' is a pleonasm, really.

At the same time, however, in the practical reality of our economies, there is almost no market– of goods or services – that is not regulated⁴, either by governing bodies or by the sellers and buyers themselves. So, if we should add an adjective to 'market' at all, it should be 'regulated'. And indeed, TINA, there is no alternative to regulating our markets, at least if we want to enjoy a civilized society to some degree.

Let's loosen up the entanglement of this political-ideological debate to which there never is a definite solution. What should we prefer? A liberal economy and a society where the interest of

¹ This is the 2nd article of the trilogy: *Dismantling Theories and Ideologies – Waking up to our Real Economic Needs*.

² This phrase was made popular by Margareth Thatcher, British Prime Minister from 1979 – 1990.

³ Any nation that wishes to join the ranks of the 'modern and civilized' implements social support programs for the poorer part of their population, for instance in sectors like food, housing, healthcare, and more.

⁴ Examples of such regulations are: quality standards, quantity and price controls, price subsidizing, fiscal incentives, and still more.

the individual prevails, or a socialized economy where the well-being of the collective – in particular and including the weaker ones – is taken care of? This opposition - ideological, political and social - may, in the past, have served its historical purpose. But today, new technologies, speedy global interconnections, and people's growing awareness of the world as a whole and of their individual lives and rights, have changed the face of our economies and societies. It is time to upgrade to a better thinking ... if we want to serve the best interest of our nations and people.

Let's recap what we said before. We said governments maintain that their policies – and in particular their economic policies – are aimed at serving the best interest of their nation and their people. Then we brought to the fore two human values: the freedom of individual agency and the pursuit of collective well-being, that is, the well-being of *all* members of our community, and in particular the support of the weaker ones. At a quick and global glance, we can say that every government, every nation, every local community, every family, each person even, in their hearts and minds, holds both values as true. Among them, the mix between the two may vary, but there is no place on this planet, with a claim to credibility, where only one of these values is adhered to, to the exclusion of the other.

By our inherent nature we all seem to comprehend this simple truth: both of these values together make up the whole of a good life. To maintain that these two values are in irreconcilable opposition is a quirk of history at best, and a self-interested scam at worst.

So, having freed ourselves from obscuring politics, we can now start to see clearly and pronounce the real truth that should govern our policies. Liberty, indeed, is the highest human good. Freedom, self-determination, empowerment are all sounds that vibrate with an upbeat and positive response in all of us. Therefore, individual liberty should be the lead of policy, and all the more of economic policy. For economy is a basic feature of our lives.

So, how does this good value of liberty translate into implementation and strategy? It is the lead of *The Natural Harmony of Things*,⁵ the inherent law that reigns our lives, which should be the final paradigm, not growth of GDP. Now here we start to lose some readers.

Whereas 'growth of GDP' is a simple one-dimensional concept, *The Natural Harmony of Things* is decisively of a different nature. It tells us that all things are interrelated, and the activity of one thing will impact on another in an endless chain of interrelated events. It also shows that if the intelligence producing that activity is wise and benevolent, the chain of events following from that activity will bring harmony and well-being. I am no expert in such matters, but let's say we're operating here at the five-dimensional plane.

In a world where things interconnect, almost at the speed of light, and all life on the planet experiences the consequences of one same event, the one-dimensional thinking of linear growth does not suffice to plan, predict and project the well-being of us all.

So, back to our question: how do we translate the absolute value of individual liberty into implementation and strategy, if we want to honour the over-arching reality of the five-dimensional awareness?

Here are some very fundamental policy proposals that are nor left or right. They are the simple universal principles that each one of us already carries in our hearts. Being just initial states of understanding, they still require the further creative force of those who must implement. For them I provide two beacons on their path.

The first is to leave the world of fear and insecurity, and instead embrace the space of *The Natural Harmony of Things*: we give and receive back in an eternal cycle of nature, and so Life is Celebrated. The second is to be grounded in *our own culture* and apply its wholesome values, and

⁵ See: <https://www.flipsnack.com/inec44/celebration-of-life-a5-online.html> for more on this.

let others do the same. And if, for whatever unfortunate reason or developments, we live a life that has become culture-less and thereby value-less – somehow that often seems the case when so-called ‘progress’ occurs – then we need to apply additional effort in order to find some culture first.⁶

Therefore, nor left or right, but universal, are the principles of economic policy that are true for *all* societies and *all* cultures. Let’s enumerate here a few.

- 1) Lose the lead of any one-dimensional statistical tool such as GDP. Replace it by the statistical lead that counts People and measures Quality, the P/Q indicator.⁷ This indicator counts the People that are *not* included in the cycle of the economy, and measures where the Quality of people’s involvement in the economy is below standards. So, clearly, the smaller the numbers, the better.

In this way, in one fell swoop, we are cured from the pathology and pattern of more and more. Many people, experts and members of the general public, decry that attitude. But as long as we hang on to linear GDP thinking, the growth neurosis will not leave us.

- 2) Follow the two-pillar policy.

The first pillar is 1): unless people can provide for it themselves, basic needs of citizens should be secured through collective policies. This may imply the re-distribution of wealth, subsidizing, etc. We name a few sectors: food, housing, health, education, leisure time. But also paid work or start-up entrepreneurial endeavours, or anything really that a society, by its own cultural standards, deems ‘a must-have’ for basic dignified life.

The second pillar is 2): for needs-fulfillment above basic levels, for that what we ‘can have’, governments’ involvement can be gradually scaled back, until finally hitting zero. It is here that the ‘free’ nature of the market should be left intact. Regulation can come in only where collective interests, like public health, is at stake. The individual unit – corporation or citizen – can fend for its own interests. This implies that here there is no room for programs like subsidizing or preferential fiscal treatment of such actors.

This two pillars’ approach focuses clearly on the value of the individual. The second pillar gives space to individual initiative and responsibility – so human richness can expand. The first pillar ensures that the beginning of human life is even nurtured and maintained. How can there be ‘free’ market, if (many) citizens are excluded to buy or sell? The policy of two-pillars is the only program by which to facilitate individual growth and liberty.

- 3) Take out the market principle for sectors where, clearly, it does not make sense. The free meeting of supply and demand, forming their own price, is only one model of distribution of goods and services. There is a whole array of other options like self-sufficiency, voluntary service, barter, or collective (state) organizing. For sectors like arms production and trade – the industry of war, for basic health, basic food, basic energy, basic transport, the market model does not make economic sense. It does not fulfill demand in the most efficient way.⁸ That is so, because those in need of basic life do not always have the money to buy, nor do they wish to weigh their options in a market with endless choice. Here, policy-makers should weigh which model of distribution is the most efficient – that is, which one performs best when the mandate is to nurture life.
- 4) Then there is still another principle of great importance and urgency: remove all speculative trading from the economy. It is not economy. Money volume is created, whilst no

⁶ ‘Culture’ here refers to the set of values that determine how we interrelate with one another and how we relate to nature and animal life.

⁷ For more in depth explanation on the P/Q indicator see *Interdependent Economy*, Part II, Chapter 3, *The Measure of Good Economy—Money or People?*

⁸ See: *Interdependent Economy*, Part III, Chapter 1, *The Economy of Arms – Take out the Profit*, and Chapter 2, *The Economy of Food and Medicine – Take out the WTO*.

user-value is produced. How can that be taking care of life? Instability, inequality, crises and collapses that come in the wake of enormous sums of money moving here and there, whilst money profits accrue to only some, and people dependent on the real economy are losing life. Some products in this non-economy are complex and construed, they are conjured up by abstract formula, and computations of ‘rates of return’. But leaving in depth scrutiny by the side for now, we just pose the premise that making money by producing nothing is not economy.

So, these are some basic understandings of what needs to be done. Without such changes to the system, we can ideologically call for this or that, we may tweak a policy here or there, but it will be to no avail on global scale.

But then, there still is another task – more fundamental still – if we wish for better economic lives, for ourselves as well as for all our fellow human beings. We need to gradually raise our consciousness from the one-dimensional belief in growth to the five-dimensional understanding of *The Natural Harmony of Things*.

I am sure there are many actors out there, some already working for the socio-economic rights of people, who are ready to embrace this new modus operandi. Nevertheless, we are still stuck in a system ruled by the paradigm of growth of GDP.

Growth that is good growth is always organic and reined in by nature: the growth of a child’s body, of flowers and trees, of crops and of income by productive work. The growth naturally decreases or stops when organic life is fulfilled. But growth as an abstract notion, indicated by mere figures, is a metric that has no bond with life.

Do not look up to those in government or academic institutions, to so-called experts, who speak in mystifying terms. Instead, experience yourself what makes life. Then build from there your understanding of what economic policies should be about. Such policies are always led by indicators that monitor the good economic life of people, of *all* people, excluding no one. On the contrary, if we merely monitor markets, however free, we will always miss the point.

To access all three articles of the trilogy *‘Dismantling Theories and Ideologies – Waking up to our Real Economic Needs’*, go to: <https://www.liemgiokin.com/columns-and-articles.html>

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