# *1. The Measure of Good Economy— Money or People?*

We will have to dwell on how to measure policies that go by the lead of people and quality, for policies need measures and yardsticks for direction and evaluation. Growth policies go by the measure of total output, that is, statistics on Gross Domestic Product (GDP) or Gross National Product (GNP).[1] But for other policies, we will need other statistics.

Whereas the micro-unit aspires after individual growth in quantity and quality, macro-policy must aim at keeping all people involved in the economy— and that is quantity. Macro-policy must also safeguard the sustainability of that involvement— and that is quality. If these are the two foci of policy, then these are what we must measure. By using our imagination, we can already understand here that the dynamics of such People/Quality statistics will be quite different from those of GDP statistics. Data on output make policies focus on output; data on people make policies focus on people. And so, we see that a simple device from just a supportive discipline can drive policies towards or away from people. Statistics can inform us about the fulfillment of people's needs or create a smoke screen of only secondary information.

Now, how do we go about setting up such People/Quality statistics? First, each society must set its own minimum standards of livelihood depending on its own level of development and its own

1. GDP and GNP are the most frequently used indicators of a nation's wealth. Gross Domestic Product counts all production generated domestically. Gross National Product adds to this income payments received from abroad and subtracts income payments made to abroad. The difference between GDP and GNP is irrelevant for the discussion in this book. See Appendix D: *Counting People's Wealth.*

life's values. There is no universal standard that must be the measure for all. Then statistical data gathered are set against these standards, and thus evaluation can take place. To know if all people are involved in the economy and at levels of sustainable quality, we count those who do *not* meet the standards. Therefore, the measure taking by People/Quality statistics is a negative one: the less the better.

For the People indicator or the measure that tells us if people are involved in the economy, a minimum standard must be set, below which we consider people as "not involved". "People" here are not just those in the age bracket of the workforce but also the aged and children. All of them should be involved, each group in its own way. For the first group, the people of working age, involvement is not narrowed down to income from work, employed or independent. Receiving income from (social) insurance schemes also counts as keeping them involved. In many economies, to restrict counting to income of the monetary kind would seriously distort the picture; access to land or other ways of remuneration in kind are important means of survival. Not to consider these non-monetary strategies of life will declare people poor who are not. Worse, however, is the consequence that policies will err on solutions. Well-intended development policies may emphasise monetary solutions while ignoring more appropriate, non-monetary strategies.

Involvement in the economy for those who are too old to work— and in some places people can never be too old to work, they just work until they die— can be determined by the inclusion in pension schemes or in family or community care. Again, whatever a society decides that their standards must be, whoever does not meet these standards must count as "not involved".

What do we mean by economic involvement of children? Not child labour, of course, although in some places the earnings of a child maintain the family. Economic policy for children is to give them education and to train their skills in accordance with the survival strategies of their community. Learning the alphabet is said to be a universally-needed skill, and it probably is. But is it always economically wise to take children away from their homes to learn from books that will never feed their families? It is not for me to answer this question. I just want to trigger the awareness that economies are multi-variable and people must know their own needs. To build infrastructure that is nearby where children learn skills needed to build their own communities is certainly an option next to building schools of learning far and high; that is, if we want to keep the economy going. Policy evaluation proceeds in the same way: set the minimum standard and count those who fall below. Whether one minimum standard suffices or whether one wishes to be informed by steps of standards is a further detailing I will not enter into now.

What policies must be made for those who are not involved? Again, there is no standard answer. But if no immediate individual solutions can be found, then policy must respond and provide at least some kind of minimum livelihood. Must this always be state provision, or can civil cooperative activity be employed? Must the benefits extended always be monetary or can they be in kind? Must we only fill gaps of consumption or should there be equal emphasis on training skills and improving structures? Policymakers would do well to look at all these aspects and also at combinations of them. Different societies at different levels of development and with different economies can come with different solutions.

What we see here is the immediate effect of People statistics on the focus of policy solutions. Statistics on growth of production will only lead us to want more production, but not to sustain the people who must produce. Statistics that inform us that people are not involved in the economy will lead us to want to know who and why and what strategies must be followed to reverse that situation. Interdependent economy tells us that policies following the lead of "better people make better economies" make more sense than policies saying, "free markets give us growth."

And now, let us take a look at the Quality indicator or the measure informing us on people's sustainable involvement in the economy. How do we go about that? We have defined sustainability as the ability to regenerate from the wear and tear the economy naturally brings along. Again, each society must set its own standards that are both responsible and feasible. But here follow some universal questions that must be answered. Are working conditions safe enough or too hazardous? And let us remind ourselves that in the private home, much is produced for livelihood, so here conditions should be safe as well. In some societies this means that we must especially take care of the conditions in which women do their work. Then, do all people have access to medical care? Are all children in the care of parents or other caretakers? Are all elderly people taken care of by either family or friends or in institutions? Can people, young and old, spend enough leisure time? And is the quality of our natural environment prudently guarded? Again here, the reality one measures is set against the standards that fit a particular community, culture, or country. Underperformance triggers and leads the policies.

Such People/Quality information held against the light of the minimum standards that were set beforehand will change the dynamics of policies dramatically. Information on numbers of people falling below standards or on quality failing minimum standards will immediately draw attention to the problem areas where policies must be focused. Compared to this, the information on mere figures of growth are bland. In order to design policies that nurture the inherent productivity of people, the authorities must either command further research or must wait for people to voice their concerns… and some people's voices are never heard.

Let us look at one example: America. If instead of high-profile publicity on the rate of growth of GDP, the U.S. Department of Economic Affairs were to prominently publish data on the number of people that live below the line of poverty, on the qualitative conditions of this poverty, and the budget needed to remedy the situation, and these matters were put forward as priority economic issues, then the effect on U.S. policies might be considerable. Maybe the war on domestic poverty would win over the war on foreign targets. Domestic issues could become so urgent in the public eye that popular support for costly foreign military operations might dwindle before the Administration's very eyes. Instead, hope for some 35 million Americans (12% of total population) who now live below the U.S. poverty line (approximately U.S. $17,000 p.a. for a family of four) has dwindled to very low expectations.[2]

Now, some may feel that the aspects of People/Quality statistics are a matter of social policy or even are moral issues. Some economists may start to feel uneasy because we now tread unfamiliar terrain. But all that interdependent economy argues is that if we want to produce good output and sustain our productive force, economic policy must be directed towards ensuring good productive input, and wear and tear must be repaired. Healthy and productive people who can live in a wholesome habitat are the deeper causes of a stable and balanced cycle of the economy. To narrow-mindedly focus on production in monetary terms only will never give us a real grip on the economy but continue to confront us with dropouts and instability. Today's economics of mere money growth may work well for some, but for many just along a downward spiral. And yes, it is a matter of morality to want to look at the deeper causes why this is so.

There is still another virtue of the People/Quality statistics, namely that of befitting different cultures and different levels of economy, for standards are not set "one-fits-all" but contextually. In contrast, the present practice of GDP statistics fits only one: a strongly monetized economy. Here growth induced in some few sectors can bring economic opportunity throughout society facilitated by all-pervading markets that make this money go around. But billions of people in this world live by way of self-sufficient production, by an economy of barter, or by activities in the informal economy. Their economic worlds are not permeated by money flows that cycle in the formalised sector. Their economic empowerment is not increased by business induced by foreign currency. For sectors of the economy where money and markets are less prone, GDP statistics

2. The situation for the poor in the U.S. has still worsened since. See: https://www.povertyusa.org/facts for an update (2016). In contrast, these are the amounts the U.S. spent on the War on Terror since its invasion of Afghanistan in 2001: $ 5.6 trillion in total or $ 32 mio. per hour. See: https://fpif.org/15-years-after-the-iraq-invasion-what-are-the-costs/

are non-informers as to the state of people’s economic life. And for true economic policy, it is the latter that must count. People/ Quality statistics will give each society the quality information that their policymakers need. It is the information that resounds with the people’s own survival strategies and that thus induces policies that support a people’s own economy.

If the socio-economic dynamics of People/Quality statistics harness better focused and more truthful policies than those of GDP, then the essential question is: will there be a revolution of reason or will misinformation continue to reign? The answer is with us, the people of the world.