

‘Beyond Western Economism: Toward Sustainable Economic Cultures’

by Trent Schroyer

Man’s struggle against power is the struggle of memory against forgetfulness
(Milan Kundera)

Outline

Western Economics as Code of the West

Dimensions of the Fallacy of Economism

Alternative Economic Cultures

The International Commons Movement and the Management of Scarcity

North American Business Alliance for Living Economies (BALLE)

The European De-Growth Movement;

Critical Traditionalism and Post Development Spiritual Cultures.

Preface

In the midst of unprecedented world economic and ecological crises economic theory and corporate management systems do not have the will, or capacity, to see their own failures or transform themselves. Nor has the ‘great recession’ forced a public repudiation of professional economic’s blind spots - major reformations of macroeconomic theory have not emerged and the prospects for a double dip recession remain. Why?

I contend the problem is the economic culture assumed by these dominant cognitive systems and their unquestioned status in contemporary life. Western economic culture needs to be critically examined and replaced by transformative learning processes that promote truly sustainable livelihoods and ecologies.¹

The following identifies the foundational idealizations of western economics , examines some fallacies of economism and explicates some examples of sustainable economic cultures.

WESTERN ECONOMICS AS CODE OF THE WEST

Western Economics, as a cognitive system, is, as Stephen Marglin argues, the code of the west.ⁱⁱ It was gradually, and since the '80's, more rapidly imposed as instrumental logics of economic globalization. Economics has become a westernizing template for restructuring institutions, forming governance policy, and explaining human behavior. Its aspiration to be a strict 'science' insulates it from major modifications, despite glaring market failures.

Transition from early modern civic humanism to historical theories of political economy in the Scottish enlightenment were the result of a series of cultural idealizations about human nature, economic society and 'science' that are reconstructed and critically examined in my recent book 'Beyond Western Economics'.ⁱⁱⁱ

Modern western economic idealizations constitute a culture that emerges from a particular history, it is not a globally universal or a sustainable culture. Other economic cultures have existed, do exist and are emerging as resistances to modern economics.

These idealizations have become the presupposed axioms and theorems of economic science. They culturally operate to shape perceptions of social, cultural and historical worlds, as well structuring policy formations. They are embedded in local, national and global institutional procedures, and as everyday taken for-granted assumptions of our moral economy too. They are advocated as the optimal forms of individual and societal decision making and supposedly define existential reality.

Here are some of the idealizations that have become foundational normative principles of western economic culture :

- self-preservation and individual self assertion is the essential existential orientation of human beings;
- the ‘economic individual’ is the unit of social life;
- economic liberty (individual) and economic freedom (societal) define human freedom;
- the human person is an infinitely-needy utility-maximizer:
- self-regulating markets are the ‘efficiency’ mechanisms central to social evolution (now extended to financial efficiency too) ;
- economic growth, as material wealth creation, lifts the poor out of poverty and ameliorates the human condition of material scarcity;
- international free trade is the civilizing process that ensures international peace;
- scientific certitude in economic decision making is ensured by rigorously measured risk assessments.

These idealizations skew cognition into an economic reductionism – or what Karl Polanyi has called ‘economism’.^{iv} For Polanyi theorizing that makes the market societally separate and primary is an abstraction that distorts other institutional procedures and shapes economic existence. Separation of economics and politics does not form a “neutral instrumental sphere” because regulatory frames, national and international, provide principles for their operation.

The fallacy of economism has ideologically narrowed human options and endangered human survival on the earth. A transforming pluralistic world no longer fits the modern economically designed global institutions, or strategies for development for all societies. One economic culture does not fit all. While this is not understood by the ‘super class’ in the west and the elites in the third world^v, it is increasingly resisted, and experimentally altered by societies and networked solidarities around the world.

DIMENSIONS OF THE FALLACY OF ECONOMISM

Economic exchanges are always embedded in legal, political , social and cultural relations; narrowing policy formations to 'the economy' excludes social and political factors that can also be mobilized for effective governance and practical problem solving. The economy is always an 'instituted' process in diverse ways in different contexts as Karl Polanyi has shown.

vi

Polanyi critique's the "economistic form of human understanding" as a technical utopia that sees human history as a process of overcoming natural necessity. It is a quasi-theology of economic liberation from poverty and a plan to commodify and subdue the earth in order to create prosperity.

Economistic idealizations are distortive constructions of human interactions and relations to nature because they create, what Ivan Illich calls, 'counter productivities' as they are applied to guide policy and behavior.^{vii} Aggressively institutionalized , as they have been in the last 30 years, they yield a social learning process that is essentially a prescriptive social engineering in the interests of wealth creation and the major holders of wealth.

'Economism' is a major cognitive fallacy can be defined along 6 dimensions:

Economism is a reduction of all human motivations to economic, or material, interests, devaluing other cultural ends ;

Economism overestimates the exclusive centrality of economics to appropriate social policy formation and excludes other balancing factors ;

Economism now enables transnational corporations to justify their global hegemony as essential to realize ‘progress’ and ‘sustainable development’;

Economism fails to objectify organic balances of the earth or recognize that the assets of nature can not be continuously degraded beyond their capacities for regeneration.

(Substitutability is not compatible with sustainability);

Economism projects modern forms of economizing into all of history, distorting historical and socio-cultural differences and makes all non-western cultures subject to colonizing ‘development’.

Economism perceives the human condition as rooted in scarcity and only the expansions of economic growth can overcome this condition.

The consequences of this fallacy has been to undermine political and social freedoms and disvalue culturally different economic worlds. De-regulated, (actually re-regulated with capital interests first) ‘free markets’ distort political governance in the publicly unquestioned assumption that ‘free markets’ always work to guide society and international development.^{viii}

Economism has corrupted American politics when a ideologically manipulated market populism makes it appear that only by abandoning everything to the superior wisdom of the market will the ‘public’ be served.

An updated economism resulted from ‘financial modernization’ that widened banking and business practices by encouraging everyone to take more loans for housing and other wealth creating purposes. For example in addition to fraudulent mortgages, students in the U.S. get into so much debt to pay for their education they are debt slaves for most of their life. Same with countries; Greece, Portugal, Ireland, and now the U.K. and U.S., have discovered that

speculatively expanding debts can not be paid when assets are overvalued and incomes decline.

Speculative money making ignores the limits of capacity to pay and becomes a debt trap for those indebted, People lose their houses. Incomes and poorer countries get burdened by huge debts, and the rich put their money outside the reach of taxes. Ever accumulating costs of debt, and the 'austerity' measures imposed by banking and governance systems increases the urgency for extraction of more 'economic value' from the earth and privatizations of community assets. Economism solves the problems that economism has created!

ALTERNATIVE ECONOMIC CULTURES

A culturally nuanced economics of sustainability can recognize that people often live in modern and traditional worlds at the same time. If indebted peoples cannot cope with these conflicts they end up homeless or survive on hand outs. For them the loss of the holistic world and the anomie experienced in the new is poverty too. Hence poverty is not just an economic condition, it is also loss of social bonds and protections of social reciprocity. Measuring economic incomes is too simple a scale for diagnosing poverty.^{ix} Poverty can neither be defined, understood or addressed using economic indicators.

Modern economics supposedly emerged to get people out of poverty, but the reality is that it has created economic inequality while systematically destroying the capacity of subsistence 'poverty' to continue. Ivan Illich^x has been saying for decades that modernity is the war against subsistence peoples and in the current austerity response to crisis this 'war' has been accelerated - more dependent people are created. (Much of this paper was influenced by 10 trips to Indian villages where the dynamics of misery creation by development is an open secret.)

A blind spot in modern economics is that poverty (the actual situation of most people in history), as limited income, is not misery, which is destitution and inability to help one's self.^{xi} Presuming that poverty must be eliminated has led to massive ideological efforts, by both left and right, to grow the economy as the means to greater wealth for nations. But globalized money making (equated with 'wealth' today) is actually producing massive misery as it is extended aggressively by global institutions (IMF and investment Banks) and acquiescing indebted nations .

People living where communities and municipalities have retained a viable civic public that protects their local natural commons have real wealth that can not be produced by money expanding economic development. The reality of many 'poor' people is that they have a dual relation to both a local subsistence economy and the formal economy. This is sustainable as long of the protections provided by their civic publics can continue to secure their local natural commons. But the current misperception, that is massively reinforced by the dominant austerity economics, is that people should 'give back' wages, retirement benefits, etc, and allow economic development to extract more value and override their socio-political autonomy. This one dimensional focus of the dominant economics is not in the interest of the vast majority of people in the world. Survival for most people now is creating strategies for enhancing and innovating capacities for self-reliance.

Experiments in alternative economic forms exist everywhere as grass roots responses to the ideological domination of empires. Numerous variations use and combine non-individualistic socio- cultural integrative principles , such as:
gifting and reciprocity, co-operation and social sharing, community self-reliance, municipal socialism, worker participation and social ownership of capital,
participatory budgeting, economic democracy, commons based peer production
ecological equity as wealth measure, etc.

These alternative social integrations transform the usual understanding of the relations of private-public as well as our assumptions about relations of expert and local knowledge systems. Documenting other economic cultures reveals alternative socio-economic practices and suggests we have many more options than are now recognized by the dominant economic forms of economics. Such alternatives are now informing experimental movements all over the world.

I will discuss:

The International Commons Movement;

North American Business Alliance for Living Economies (BALLE);

The European De-Growth Movement;

Critical Traditionalism and Post Development

Spiritual Cultures.

THE INTERNATIONAL COMMONS MOVEMENTS AND THE MANAGEMENT OF SCARCITY

Common pool resources are central to the management of inshore fisheries, community forests, group livestock herds, irrigation systems etc. They allow group members access to ways that reduce competition and allow for problem solving in accordance with the use rules that evolve over commons use. Elinor Ostrom, and colleagues^{xii}, have recorded how collective management can solve many problems that private property systems cannot while permitting trust and reciprocity to emerge rather than conflicts. Today this is especially relevant for those spheres that transcend private ownership, such as the high seas, deep seabed minerals, , the

atmosphere, space, Antarctica, etc. where commons management regimes would work out better for all concerned.

The founding myth of modern economics is the fundamental scarcity in the human condition. But commons, unlike economic resources, are not scarce but potentially abundant. If managed properly commons can overcome scarcity. The issue that has to be faced is the multi-dimensionality of scale in every local situation.

A prime example of managing scarcity are movements to stop more large scale water development projects. The pump and dump mentality has been part of destructive westernizing development mentality from the British colonization of India to today's Chinese mega-dams and river turning projects. Watersheds are real necessities, economic efficiencies of environmental engineering are imposed 'necessities' for securing plans of centralized political economic powers. Current orientations to huge grids of energy and water are delusions of development. They have to be adapted to the ecological limits defined by local and regional civic commons interpreting their own needs and not having these decisions forced on localities by 'higher levels' of political authority. Even World Bank reports about their frequent failures (defined in their own terms) admit that huge trans-basin schemes de-territorialize water and people from lands and cultural heritage, and ultimately deport them as if by effect of a war.^{xiii}

A commons is a social regime for managing a collectively owned, or shared, resource and as such enables us to remember the collective side of ownership. 'Commons' implies a right to action- as the liberty to use land, water, forests, or software. Hence commons are not just collective rights and liberties, but include customs and institutions essential to keep sustainable management going. Securing these today are on the agenda of a real action plan for sustainability.

Commons are a recognition of our collective existence - the sense in which the individual is part of a social being too. In medieval England the meaning of commons was a verb – to common in the forest - a right of subsistence. The commons movements today enables us to see the blocks to creative open use of natural commons and the cultural commons and the appropriateness of legal, social and political actions to renew them.^{xiv} The natural commons and the cultural commons are interconnected. The fact that the British colonial governments erased forest commons arrangements in 1865 & 1878) must be remembered as acts of undermining local wisdom and knowledge as well as blocking communities access to forests. This right has recently been restored by the India supreme court.^{xv}

Since the 1960's we have been going through a second set of enclosures - whereas the first set were land enclosures (16-19th century), the second set is about cultural enclosures - books, inventions, media, music, software, scientific discovery. The past history of copy right was to enable learning, even to encourage transformative learning.^{xvi} Today intellectual property rights are often blocking learning and collective creativity.

The innovative creativity of shared solutions in digital soft ware design - where many minds are applied to improving its durability and stability – reveals the superiority of collective intelligence. Resisting corporate intellectual property laws, a genuinely open learning process is unleashed. Examples are the Linux system, used by most corporations, and the General Public License of the open source movement.. These intentionally constructed cultural commons have demonstrated the need for shared public patents and expose the failures of exclusionary patents that block the creativity of the commons.

The 1995 World Trade Organizations (WTO) 'intellectual property rights' are the center of contemporary cultural enclosures and a major example of development economism. In the face

of this ideology of development we must remember that many dimensions of everyday life are public property (i.e. roads, knowledge, internet, science etc.) and represent a collective dimension of property essential for a sustainable world.

North American Business Alliance for Living Economies (BALLE)

The current image of wealth as more and more comfort oriented gadgets and fun services locks us into the consumer role of waiting for the next ‘new’ commodity, rather than participate in creating anew our relations to the earth and human ‘needs’. We are hooked by the major corporations that supply us with new ‘breakthroughs’ of comfort and canned fun. We need a more responsive local form of commercial enterprise to enable us to readapt to a changing world. An alternative is occurring that Michael Shuman called the ‘Smallmart Revolution’ which soon transformed into a whole movement for local business networks.^{xvii}

The Business Alliance for Local Living Economies (BALLE) is a North American alliance of 80 fully autonomous local business networks with their own missions, and initiatives, representing about 22,000 US and Canadian entrepreneurs.

Driven by a conviction that business can serve society by rooting it locally where it functions within the framework of local values and accountability. When local citizens see the BALLE emblem on the shop window they can be confident that this shop is not owned by absentee owners. In the age of the Internet and social networking BALLE has proclaimed the emergence of “glocalism” as a new form of social consciousness, and claims that never before have communities possessed as much power to determine their futures as they do today.

BALLE envisions a sustainable world economy made up of local living economies that build long-term prosperity through local business ownership, economic justice, cultural diversity, and environmental stewardship. All networks share a commitment to Living Economy

principles which are sustainable agriculture, renewable energy, zero waste manufacturing, green building, community capital.

This ultimately implies a 'revolutionary consumerism' that aims at democratizing production and consumption locally. Building local awareness of this becomes a consciousness multiplier in itself, not only does it create local pride but it also educates about the global economy and taking responsibility for the north's economic footprint on the south. Locally informed consumerism can be presented in ways that go against the current thoughtless celebration of affluence. This can be promoted as one of the renunciations essential for a post-carbon life-style.

BALLE believes networked change can renew local investments and keep young people actively involved and oriented to their own fun creations. BALLE has confronted the old problem of capital formation limits of cooperative economies by enlisting venture entrepreneurs into financing local business. They are actively demonstrating that independent locally owned businesses can be accountable to stakeholders and the environment while flourishing in their local economies. They are envisioning an ever-expanding constituency for sustainable businesses and sustainable communities, from main street to the world.

European De-Growth Movement

To challenge the “tyranny of growth” and a massively reinforced economism, it is not sufficient to call for lesser, slower or greener growth, for this would leave us trapped within the same economic logic; rather we need to escape from the economy as a system of representations of reality. We must go beyond the perception of everything as commodities, as a reified and autonomous economic reality, inhabited by self-interested consumers.

Serge Latouche, a French theorist in the European de-growth movement, proposed to reframe markets, by drawing on the imagery of the Agora in Ancient Greece, as well as on studies of markets in Africa and South America. Rethinking the market as an Agora means re-embedding it within local contexts so that it has an immediate reality to participants as a place of public life and citizen associations. This ‘market’ is no longer an abstract, distant, universal, omnipresent and omnipotent “force”, but rather specific social realities firmly located in recognizable local ways of producing and distributing surplus. By re-imagining different forms of transactions beside commodity markets, such as social ownership of capital, local trading schemes, gifts, mutual exchanges, various forms of self-employment and volunteering, the profit “imperative” becomes politically infused with social and ecological norms.^{xviii}

The misery created by the great recession could be a context in which the outrage at over consumption and economic growth as ‘progress’ could be seen as lemming madness and an ‘enoughness’ movement started. However, presuming that de-growth applies now to ‘developing nations’ is not only wrong but a cynical manipulation that would be self-defeating. Leadership in de-growth must come from the overdeveloped worlds. But the common goal is demonstrating that sustainable forms of production and consumption is viable. This means we can reimage economics as a means to life and not the ultimate end. Rather than continual economic expansion the goal is contractual transformations, shrinking the size of the wealthy nations environmental footprints on supply regions while shifting to non-material qualitative improvements of life and living.

Transforming economic culture also transforms self-understanding, and another possibility is including marginalized traditions and spiritual movements that may become catalyses for social and personal change too.

CRITICAL TRADITIONALISTS AND POST DEVELOPMENT SPIRITUAL CULTURES

The freedom that Marx intended has not realized by political actions based on the labor theory of value.^{xix} We need a social-cultural economics of regeneration that Ivan Illich, Karl Polanyi, etc. were attempting to do - one that restores to our memory, perception and imagination the realities of learning about human/non-human existence on a finite earth.^{xx} One that doesn't shut down the world in to categories of economic value, or utility, but opens us to the wildness of the world - where we have to learn anew to exist - e.g. adapting to climate change.

This begins with renewing narrative social imagination in ways that release transformative learning to deal with poverty situations and climate change adaptations. It is important to remember that traditionalists tend to see domination as atrophying learning capacities and the disvaluing of local knowledge and self-reliance. Exploitation also exists, as left theories of domination document, but that does not adequately objectify the crippling of the capacity to help one's self and community. As Alasdair MacIntyre notes- the cause of human misery is not exploitation but impotence.^{xxi} Hence the creation of vernacular spaces , in Illich terms, or Gandhi's creation of self-rule (Swaraj - simultaneously personal and community) are the necessary means for liberation of learning

Critical renewals of spiritual traditions are rare, but always possible. The potentials of world religions can be released, such as Ivan Illich's transformation of Christian ecclesiology into a social regeneration perspective, or Mahatmas Gandhi's harmonization of the Hindu life pursuits into practices for the political and economic regeneration of India society. Such persons are called 'critical traditionalists' in India.^{xxii} They transform our understanding of current institutions and the earth, as they restate traditional ends within the contemporary world. They are a cultural resource that has been ignored by forces promoting 'progress' by the sole means of secularizing economic modernization. As regenerative sources for wide spread moral and social renewal, these critical traditionalists supplement and challenge

modern ethics and political theory in unexpected ways. Inclusion of such interactive discourse into national and international affairs is necessary for the formation of a post secular political community that is able to move toward a sustainable world.

The power of critical traditionalists is that they create a comprehensive narrative that unifies what the modern fragmented knowledge systems separate - that is facts (science), norms (ethics and law) and beauty. In the modern context judgments of the 'good' are replaced by risk assessments and state centered 'rights' claims. Modern sensibility is disembedded from comprehensive narrative frames and thus there is greater vulnerability to virtual realities of massively manipulated media.

Illich's claims that perversions of medieval Christianity essentially created the foundations for modern state formation and a crippling regimentation, dependency, exploitation, and forced impotence by centralized systems. For example legitimating spiritual professionals, who then colonize vernacular communities by formalizing the power of clerical hierarchies into monopolies. Pastoral services were more and more essential for salvation; from the ninth to the thirteenth century, until the Roman Church essentially became the first translocal, transfeudal, transnational class and international corporation. By disembedding the law from customs of communities it legitimated strong central authority in both sacred and secular realms. The cultural consequences of the step-by-step forming of new dependencies ultimately enabled ever widening commodity dependencies on 'goods' that local communities could not supply. The deepest cultural consequences of this history is the disembodiment of human sensibility and a dependence upon theoretical abstractions and virtual realities. Illich envisioned an expansion of free spaces where vernacular cultures can initiate convivial reconstructions and liberations of learning for self-reliance.

Gandhi, as a Hindu critical traditionalist, envisioned a culture of Swaraj, or self rule. Self-rule also means self-restraint, which has to be balanced with swadeshi as self-reliance and independence from alien controls. Gandhi's experiments in learning were focused first on the struggle for independence from British colonialism, and secondly, on the everyday practice of harmonization of 'purasharthas's' – or the cardinal aims of life. For Gandhi the western egoistic comfort-oriented person can not focus on life origins and ends and problems of a living earth and fragile social worlds. They do not try to balance means and ends as part of their daily integrations of obligations and liberties. For Gandhi violence, or 'himsa', is inherent in all living bodies; only the restraints of spiritual harmonization yields non-violence or ahimsa. Non-violence is a principle for policy formation at all levels of social and political life.^{xxiii} For example 'satyagraha', or truth force action, is a spiritual invention to deal with specific situations as a public form of ahimsa; other forms are also possible such as economic trusteeship and the spiritualization of wealth. Whereas these ideals have been marginalized by national Indian development aspirations, thousands of Gandian inspired workers are active in grass roots organizations and peace movements in India and beyond.

The economic culture envisioned by Gandhi converges with Illich's vernacular domains despite wide linguistic differences. Both Illich and Gandhi also insist that living in truth and the search for truth requires a community of friends.

ⁱ We have aspired to contribute to this in Schroyer, Trent & Godilik, Tom (eds) (2006) *Creating a Sustainable World*, New York, Apex Press.

ⁱⁱ Marglin, Stephen A. (2008) *The Dismal Science: How Thinking like an Economist Undermines Community*, Cambridge, Mass: Harvard University Press.

ⁱⁱⁱ Trent Schroyer (2009) *Beyond Western Economics: Remembering Other Economic Cultures*, London, Routledge Press

-
- ^{iv} Polanyi, Karl (1944) *The Great Transformation : The Economic and Political Origins of Our Time* (1944, Boston, Beacon).
- ^v David Rothkopf (2008), *Superclass: the Global Power Elite and the World they are Making* New York, Farrar, Straus and Giroux,
- ^{vi} Karl Polanyi 'The Economy as Instituted Process' in Mark Granovetter and Richard Swedberg (eds) *The Sociology of Economic Life* , Boulder, Westview Press, 1992 pp. 29-52
- ^{vii} Illich, Ivan (1981) *Shadow Work*, Boston: Marion Boyers
- ^{viii} Thomas Frank, (2008) *The Wreaking Crew: How Conservatives Rule*, New York: Henry Holt and Company,
- ^{ix} Reddy, Sanjay G. "How Not to Count the Poor" in J. Stiglitz, S. Anand and P.Segal (eds) *Debates on the Measurement of Global Poverty*, Oxford: Oxford University Press. forthcoming
- ^x Ivan Illich , (1992), *In the Mirror of the Past* Marion Boyers, New York
- ^{xi} Jean Robert & Majid Rahnema 'The Return of Subsistence Knowledges' (2009, Contribution to Reimagining Society hosted by Z Communications)
- ^{xii} Elinor Ostrom (1990) *Governing the Commons: The Evolution of Institutions of Collective Action* Cambridge University Press)
- ^{xiii} Jean Robert 'Water is a Commons' (1994, Habitat International Coalition Mexico, D.F.) pp. 76ff
- ^{xiv} Lewis Hyde *Common as Air: Revolution, Art and Ownership* (2010) New York, Farrar, Straus and Giroux)
- ^{xv} India Supreme Court Judgment (28 Jan 2011)
<http://xa.yimg.com/kq/groups/25557646/1647036175/name/Common%20land%20supreme%20court%20judgment.pdf>
- ^{xvi} Lewis Hyde (2010) *Common as Air: Revolution, Art and Ownership* New York, Farrar, Straus and Giroux) and Peter Drahos and John Braithwaite, (2010) *Information Feudalism* New York The New Press
- ^{xvii} Shuman, Michael (2006) *The Small-Mart Revolution; How Local Businesses are Beating the Global Competition*, San Francisco: Berrett-Koehler Publisher, Inc.
- ^{xviii} Serge Latouche "Degrowth Economics" *Le Monde Diplomatique* (English edition) November 2004
- ^{xix} I have attempted a critique of Marx in my 1973 book
'The Critique of Domination: The Origins and Development of Critical Theory Boston, Beacon Press
- ^{xx} We have started such a Regeneration Project on Ikaria Island, Greece.
See <http://www.ikarianregeneration.org>

^{xxi} MacIntyre, Alasdair (1988) *Whose Justice? Which Rationality?* Notre Dame, Indiana: University of Notre Dame Press.

^{xxii} Nandy, Ashis (Jan. 1, 1987) 'Cultural Frames for Social Transformation: A Credo', *Alternatives*.

^{xxiii} Parel, Anthony J. (2006) *Gandhi's Philosophy and the Quest for Harmony*, New Dehli: Cambridge University Press.