

## 67. Towards an Economy of Sharing and Caring

**Dr Bob Goudzwaard.**

Lecture for "Alternative Economics in the Era of Global Markets" seminar, Petra University, Surabaya October 23-25, 1996.

### **Introduction**

Our theme for today is: "*Alternative Economics in the Era of Global Markets*". On hearing that title, none of us can deny that today's theme is about a tension. For the global market is, or at least looks like, an overwhelming reality. It penetrates deeply into all national economies, even to such an extent that it tends everywhere to eliminate the freedom we have to preserve, or develop, any alternative type of economy. So it takes some courage to refer here and now, on this day, to the possibility that an alternative *Indonesian* economy may be possible within the present global economy. At first sight that seems merely to be promoting a precious illusion.

The same conclusion seems to hold, if we speak about alternatives for the present market-oriented world economy itself. Many are of the view that the present capitalist global economy has proved its power and invincibility as the only remaining viable economic system after the fall of state-socialism. So there is simply no reason to look for alternatives, especially not on any world-wide scale. Moreover, so it is alleged, the global market economy has now lost its previous ideological character. It is non-sensical to keep on viewing it as an expression of the ideology of Capitalism. It is just a neutral, objective process, and should be accepted by everyone and every state as the only real and workable solution that is currently available.

Given this as our context, my proposal is to begin our reflections not from the side of possible alternative economic systems. It may be better instead if we first look carefully at present economic systems, especially that system which is behind the processes of economic globalisation. It looks so strong and objective, but is it as neutral and as ever-lasting as it seems?

This will constitute Part I of our discussion. Only after addressing that question will we dig into the question of which alternatives are feasible. We want to explore alternatives for the world-economy itself (Part II A) as much as for countries like Indonesia, countries which try to find their place within the present global economy (Part II B).

In the final part (Part III), we will try to bring the results of Parts I and II together. At that point we will have to consider the first steps which could be taken from our own place in the world towards a more just, righteous, participatory and sustainable society. Here also our own common Christian heritage will undoubtedly come to the fore.

### **I. Economic Systems and the Globalisation of the World's Economy.**

Speaking about present economic systems, it is appropriate to note from the outset that you can do that in two different ways.

The first way is look at, and to compare, different economic systems as they function and work from day to day. We would then look in a static or time-frozen

way, as it were, at the different possibilities which exist to organise human societies in their economic dimension. In that way we can, for instance, analyse the similarities and differences between a market-based economy and a planned economy. In both types of economy, economic decisions are coordinated with each other, and (eventually) made consistent with each other. But in the first system it is the so-called law of supply and demand which determines which quantities of goods and services will be produced, while in the second system prices and quantities are in principle chosen by the central plan and imposed by the command of a central authority.

In relation to the static or structural way of looking at economic systems, I want to add another factor that needs to be considered. To identify only two economic systems, the market or the plan, is not only very superficial but even entirely mistaken. For next to the coordination of economic actions by the market, or by a plan, there is, and always has been, a third method of economic organisation in human societies. It is the method of mutual agreement or reciprocity, which works on the basis of tradition, or of consultation. From day to day, for ages past, millions of people in Indonesian villages (*Desa*) have dealt economically with each other in that co-ordinated "third way". It involves producing something for someone else, or asking for something from someone else with an open or silent expectation that something will be given back, or offered, in return. It may be weeks or months later (or longer) that the transaction is completed. And that is not less an economic system than a market or a planned economy. And this reminds us that in most advanced economies in our world, consultations are an on-going feature of how they work. Agreements are always being made, for instance between local and national governments and social groups, industrial firms and labour unions about what should be done in the future.

This simply underlines the fact that when academicians and politicians announce that there are only two theoretically viable economic systems for our time, they are either completely naive or are committed to a form of absurd wishful thinking. But this view - that the market economy and the planned economy constitute the only choice - coincides, so they say, with the complete failure of the latter. And so they say there is no alternative.

But next to the market and the plan, community-oriented reciprocity is, and always has been, a good, effective and distinctive way of coordinating economic decisions.

I have already referred to different ways of speaking about economic systems. The first is the structural or static way. But you can also look at the dynamic side of economic systems, taking notice of how those systems change in time, and how they actively transform the world around them. It is in precisely these terms, that we now confront the process and the forces of globalisation which is, so to say, the dynamic side of the global economic system of capitalism.

Globalisation is, as you will know, the process by which national economies and their markets are forced to open themselves to the world, to the global economy. They become subject to underlying influences from elsewhere - whether from supply or demand - and in fact the economic power seems to reside elsewhere as well. Transnational corporations from somewhere else are at this point in time operating everywhere throughout the world. Their number has increased sevenfold

within the last twenty-five years, which is an enormous expansion.<sup>1</sup> And they are buying and selling not only goods and services, but they are also dealing in land, in woods, in labour and in technology. They are advertising their products everywhere, even in the most remote parts. This is indeed the dynamic side of what is usually referred to as the free market-economy. But in fact it is an economy which, if we look more carefully, is not free. For there are only a few competitors in the main global markets, and these markets are almost impossible to enter, totally impossible for competitors from the South. No less than 30% of the present volume of world-export now consist of transactions within those big and mighty companies<sup>2</sup>. And did you know, that the commodity trade of the countries of the South is now concentrated in the hands of a mere fifteen or so multinational companies?<sup>3</sup>

Many of their products are protected by patents and other manifold legal restrictions. It all seems free, but it usually implies only the freedom of the few, of a small powerful elite.

From this world-wide dynamic process of globalisation I will now draw attention to three important features or trends. It is important to know about these trends, so that we can judge whether this present situation involves a good, necessary and sustainable process. So let us keep goodness, necessity and sustainability in our minds as criteria for our evaluation, while we listen to a short sketch of recent globalisation.

(1) **The first important feature** is that while the expansion of the world-economy has no doubt contributed to a rise in the average income and consumption level in many countries, nevertheless new and different forms of polarisation and dispersion are now taking place. And when they emerge, they are usually followed by a growing exclusion of the poorest parts and groups throughout the world. New regional economic poles are forming themselves in our time, and between those poles the particles are easily dispersed as they are kept in their place. The growth of investment and production in the world is, for instance, now at the highest level in the so called Newly Industrialising Countries (NICs) of Asia, which includes China and the four tigers - Taiwan, South Korea, Hongkong and Singapore. But while they were, and are, expanding rapidly, economic growth was, and is, negative in large parts of Eastern Europe and Sub-Saharan Africa.

While China, for instance, increased its production-growth from 6.5% in 1978 to 10% in 1989<sup>4</sup>, for the same period production and investment in Sub Sahara Africa fell about 4% annually<sup>5</sup>. The world looks now indeed like a kind of dynamically exploding economic universe, in which there are not only the old rich, but also the new rich; not only the old poor but also the new poor.

It seems as if every kind of magnetic gravitation between these new poles is active to reshuffle the income and wealth positions, not only between states but also within states. In 1960, for instance, the richest one-fifth of the world population had incomes about 30 times greater than the poorest one-fifth. But by 1990, the

- 
1. quoted from Richard Barnet and John Cavanagh *Global Dreams: Imperial Corporations and the New World Order* Simon and Schuster (Touchstone) 1994
  2. European Commission *Development Cooperation in the Run-up to 2000* May 1992.
  3. Frederick F Clairmonte and John Cavanagh "Transnational Corporations and Global Markets" in *Trade and Development: an UNCTAD Review* no 4 1982.
  4. Central Planning Bureau *Scanning the Future* The Hague 1992 p.188
  5. European Commission *Toward a New Bretton Woods (FAST- report 5)* May 1993

richest one fifth was in receipt of 60 times the poorest one-fifth.<sup>6</sup> And according to the latest 1996 report of UNCTAD, the poorest 20% of the world's population received only 3.6% of the world's income in 1991 which, relatively speaking, is less than ever before! But also, within the rich nations, the income distribution tends to become more and more unequal. There is, for instance, the startling fact that these days 1 out of every 5 young Americans has direct experience with hunger.

(2) **A second important trend**, next to that of growing inequality and disparity in the world, is the continuous and even exponential growth of the financial markets. If we look to the volume of typical financial transactions in the present world - just think of bank-transfers, and the buying and selling of shares, bonds and derivatives - there is the remarkable fact that they now outnumber the volume of real transfers (the buying and selling of real goods and services ) by a ratio not of 2 to 1, or 10 to 1, but as much as 30 to 1.

This means, on the one hand, that financial transactions are losing ground in reality. They are increasingly open to the forces of wild speculation. But it means, on the other hand, that the world-economy is now more than ever before dependent upon, and controlled by, the forces and movements of private capital; that is, capital in the hands of banks, private speculators, and the legion of investment funds.

These movements of private capital are generated by choices between the different (local) economies in the world. They decide which economy may gain and which economy will have no chance. And while they make this choice, these new institutional capitalists - for that is undoubtedly what they are - are certainly not looking for the best social usefulness of their capital. The highest financial remuneration is their compass. And so we now see a kind of rat-race in the world between countries seeking to set up branches for the still available capital, looking to each other to discern which of them will be willing to go a step further on the path of a reduction of costs and a corresponding increase in financial earnings.

Is it any wonder that under those conditions the poorest countries have almost no chance of receiving new capital funds? The recent annual report of UNCTAD (1996) declares that while in 1980 still 0.9 % of the disposable foreign capital went to the 48 poorest countries of the world, this percentage has fallen now to less than half of that number, to 0.4 % (this is data from 1993). But a lack of new capital has obvious consequences: less growth, and therefore also ongoing indebtedness.

In relation to continuing indebtedness, it is well known how devastating the consequences are, especially for the poorest countries of the world. At this moment, five African nations have an external debt which is 12 times higher than the value of their exports.<sup>7</sup> And as you all know from the recent IMF meeting, the willingness to find a real solution for the debts of the poorest countries ebbs away and is stagnating. There is an element of cruelty in it. These poorest countries of the world have first been required to enter the world's money-economy, but in that

---

6. UNDP report 1992, Washington DC, p 1

7. The so called debt to service ratio, which indicates the part of a country's exports which have to be used for interest-payments and amortisation, is for Tanzania now almost 79 %, for Uganda 89%, for Mozambique 95% and for Somalia 150% (data from 1992-1994). This last figure is only surpassed internationally by Nicaragua, which has to use 172% of the value of its exports for interest and amortisation. (Data: World Debt Tables World Bank 1996)

context they are excluded from the very supply of capital which they so badly need.

(3) **The third and last trend** which I want to mention as a characteristic of current globalisation in the world-economy is what happens in relation to the world's eco-system due to rapid industrial and technological development.

The drive towards continuous innovation is strong, it is well known, and industrial activity is growing everywhere. But many industrial technologies, old and new together, have a deep and world-wide impact upon our natural environment. The ecological impact of the world's industrialising economies is strong, strong enough for the world's climate to be under pressure from accelerated change and the warming of the planet. The speed by which we use scarce resources and overburden the carrying capacity of nature is greater than ever before, with possible devastating consequences within 30 years. The ozone layer is becoming thinner and thinner, with an alarming rise in skin-cancers. Moreover, new technologies are seldom available for all. They are usually sharply protected by patents (which are usually TNC-owned). A research report of the European Commission in Brussels speaks now quite openly about the present trend of "a non-transfer of technology" from the North to the South.<sup>8</sup> And related to this is the growing capital-intensity of industrial production with a corresponding diminution in the input from human labour. The result is the growth in joblessness which, since the 1970s, many countries continue to experience.

A special case is the world's food production and food consumption. The world's food production is still growing, but in sharp contrast with growth in industrial production, food production has stagnated since 1985 on a per capita scale (with some clear exceptions, China, Indonesia and Western countries). This is mainly because of strong population growth and the area of arable land per head of population has been on a continuous decline from 1970 to 1990. In that time it has fallen by more than one quarter.<sup>9</sup> From the land that still remains an important part is reserved for exports, which means that it is simply not available for local needs. Brazil, as an example, is a country which is high on the list of world food-exporters at the same time it is high on the list of countries with massive hunger. Overall, hunger in the world is still growing - current predictions are that by 2000 about 600 million persons will then be suffering from chronic hunger.<sup>10</sup>

**What do we learn from considering these three trends?** Simply, it is that there is a growing dispersion and inequality in our world, an increasing power of financial markets (with their tendency to exclude everything which is not profitable), a tendency that points to increased ecological disturbance, and last, but not least, a disappointing result in the struggle against hunger and starvation. And so, my conclusion is that in the first place these trends make very clear that the blessings of the present globalisation of Capitalism are far more dubious than is usually supposed. But next to that, these tendencies also teach us that this economic system is busy undermining its own foundations! Put in another way: this large (and is it the final?) experiment of Western civilization to once more bring the entire world under its magic, has in the long run no real perspective - it is inherently unstable and unsustainable. Let us make a short list of its problematic

---

8. FAST-report see No. 5 above

9. Scanning the future see No. 4 above, p. 136

10. This dreadful and threatening development is of course narrowly related to the still large increase of the world population, which increases at about 90 million persons per year.

and prominent features:

- it is a dynamic system in which the financial transactions completely outnumber the volume of real transactions, but which therefore is increasingly open to all kinds of chaotic speculation and subsequent crises;
- it is a dynamic system in which no internal brake exists to reduce its material expansion where that is necessary, for instance should nature tell us that it has reached the limits of its carrying capacity. And so it will sooner or later fall either in a deep economic crisis, or into an ecological abyss;
- it is a dynamic system which, if we compare mankind with a living body, is brutal enough to cut off entire limbs. But how can a body live on in that way?
- Finally, it is a system which works more for the benefit of the few at the expense of people and the masses. Its results are less profitable for the majority of the world population than for an increasingly smaller group of nations and persons.

It could well be, therefore, that Marx's old prediction that Capitalism will finally ruin itself, will be fulfilled at the moment when he himself is almost completely forgotten.

## ***II. About alternative economic systems and ways of development.***

I hope that as you hear all this, you will appreciate that these facts give a strange immediacy and urgency to our economic discussions about alternatives. This type of global expansion is not only highly contentious, but in the long run it is also not sustainable. At this very moment this expanding system cannot prevent the deepening of hunger and deprivation of millions of people - just think of Africa - while in the near future it is also rapidly approaching its own financial, social and/or ecological collapse.

This awareness must immediately change the character of any discussion we might have about alternatives for the present national and global economy. It shifts this discussion from the sphere of ideals and idealism to the sphere of reality and realism. For the burning question now becomes, of course, whether it will be possible to find ways to prevent present and future disasters for the world economy. Secondly, we have to ask whether it will be possible, also for a country like Indonesia, to take sufficient measures in time to be able to survive within such a seemingly still overpowering, but internally disintegrating world economy? And so as we speak about economic alternatives we realise that this can no longer be viewed as a luxury or a pastime or an exercise in avoiding reality. It becomes a matter of necessary foresight on all levels - as much for local and national sustainability, as for the international or global viability.

***II A. An alternative path for the world economy.*** Looking first to the question of whether there are alternatives for the development of the world economy as a whole, the answer has to be affirmative, at least in principle. But to see this opening, it is of foremost importance to be aware that in all these signs of a lack of sustainability there is one common element. And that is the distorted way in which economic and financial growth takes place. That is obviously the heart of the matter. In cultural terms there is no necessity to choose the degree and style of economic expansion as we now experience it. We are not subject to an inevitable doom or fate in this matter. (We will return to this matter in our **Conclusion**).

The choice for a more responsible form and rate of economic growth has at least three dimensions. These dimensions can also be seen as pre-conditions for an alternative, more sustainable, global development:

- **Firstly, there is a need for a deep and structural reform of the present international monetary system.** The present system not only leads to an extreme degree of speculative mobility of private capital all over the world, without any tax or levy paid for that, but it is also built upon the monopoly of rich countries to use their currencies - the so-called *key-currencies* - as the only source for the creation of international liquidity. The countries of the South need to have a regulated, but nevertheless direct, access to the sources of money-creation in this world and this should be possible via better access to the so-called Special Drawing Rights of the International Monetary Fund. Without that, however, they will never be able to deal directly and independently with the redemption of their huge debts. This proposal to give poor countries the right to a limited, but direct, access to international financial resources can be seen as a kind of application for modern times of the Old Testament idea of the year of Jubilee. For in that ancient teaching, the tribes of Israel had their access to their land restored, land being the main source of wealth in those times. Such a rearrangement of the international monetary system is certainly possible. But it has only one restriction - and here I come to my second precondition.
- **The rich states of the world and their populations should be willing to give up some of their prerogatives which they now have in creating international money.** They should be willing to be content with a slower degree of generating their own key-currencies. This would in fact mean that they would gradually move, also financially, in the direction of economic saturation: an economy of enough. What that implies will be explained in the next paragraph in more detail. I just want to say here and now, that this change may seem to be a sacrifice for those rich countries, but in fact it is not. For this process could give back sustainability and even the prospect of new life. So, sooner or later, the rich of the world will simply be unable to avoid doing this.
- **The third and last aspect of choosing an alternative way for the world-economy is the building up of a better international legal structure.** If Trans-National Corporations, even if they have gained the consent of national governments, are involved in activities which lead to a violation of human rights, then there has to be a possibility for the victims to make an appeal to the International Court of Justice. That Court should have the right and authority to stop those actions, with the possible use of sanctions. Also, in relation to the actions of international global institutions like the World Bank and the International Monetary Fund, there should be a possibility of making an appeal to an International Court. This is especially important if the full implementation of their Structural Adjustment Programs (SAPs) leads unavoidably to the violation of one or more of the UN declarations, for instance the UN declaration concerning the rights of children. It is in fact an intolerable situation, that SAPs are demanded and implemented without appropriate precautions in place, ensuring, for instance, that the right of children to be adequately fed and exempt from starvation. This must not be violated in any way.

**II B. Looking to alternatives at the local and national level.** Are alternative economic systems also present, or thinkable, on the local and national level? Could these offer a possibility of survival within the global economy? Let us keep in mind that the global economy may relentlessly penetrate deeper into our own national economies, year after year, but on the other hand this seemingly irresistible force may also be near to its breaking point with growing disintegration and an unsustainable rate of growth. This is the context in which we now address these questions.

We have already noted that economic systems can be viewed in different ways: we can compare them as organisational structures in a more or less static terms; we can consider them as dynamic forces or agents of change. The same must be true for any alternative systems we may put forward.

An example of the first (static) approach can be found by comparing the underlying economic concepts of Gandhian economics with Ubuntu economics (Africa) and Uma-economics (Sumba). These economies differ remarkably from the present market-economies. We will consider them and then look at other, more dynamic, alternatives. As we do so, we will ask ourselves how is it possible to change or bend the current dominant thrust of the market-economy on the local or national levels so that human, cultural and natural values are given greater honour and respect. This then will bring us to a brief description of the "economics of enough", and to illustrate an economy of sharing and caring by reference to the Mondragon case.

**(II B-i). Economic systems always include a way or method of coordination of economic decisions.** The decisions about what to produce, for whom, where, how, and at what time are all in need of co-operative co-ordination. And they can be made in ways other than by giving priority to the market or the plan, as we have already explained. Decision-making can also be done by mutually giving and receiving according to the rules of tradition or as arranged by consultation. This is especially true if people know each other well and live and work in the same local community.

This is, for instance, a leading characteristic of the African Ubuntu Economy (*Ubuntu* means *community*), where decisions about how and what to produce are mainly taken together. It is also the core of the Minjung-Economy which we find in Korea<sup>11</sup>, and, nearer by, the Uma-Economy of Sumba (*Uma* means *oikos, family-household*). In this last mentioned economy, which has been studied by the anthropologist Jacqueline Vel,<sup>12</sup> most of the economic transactions take place by way of reciprocity. And that is combined with a view on life, which see richness first and foremost as a wealth of human relationships. When you invest in people they will give you security and reward, also in difficult times.

Similar traits, with their own distinctive accent, are present in the proposals which were made by Mahatma Gandhi before the second world war for the liberation movement in India. It was then called the Gandhian alternative, different from the socialist alternative of Nehru, and so it may be good to give it separate consideration.

In his book The Economy, an Interpretative Introduction, the prominent

---

11. see the contribution of dr Min Yong Bock.

12. Jacqueline Vel The Uma-Economy, Indigenous Economics and Development Work in Lawonda, Sumba, PhD dissertation, Wageningen, Netherlands 1994



Indian Christian economist C.T Kurien tells us that Gandhi was always a great admirer of what he considered to be the traditional set-up of the economy and administration of India - the village republics.<sup>13</sup> It was upon that tradition that he wanted to build, and so he choose the following principles: (a) a village-level economy; (b) a participatory form of administration; (c) the largest possible degree of economic self-sufficiency.

Each household, in his view, had to become as self-sufficient as possible and to do that it had to produce basic necessities like food and clothing. Gandhi's ideal was the preservation of an arrangement by which many small human communities would work together and provide themselves with employment. This economy attached great importance to manual labour and was linked together through specific horizontal transactions. The basic idea is captured in the so-called Swadeshi-principle "Man should produce as much as possible of the things he needs, and use those things nearest to him."<sup>14</sup> This implies that transportation-costs in such an economy become minimal. But also the efficiency-concept will be different from that found in a market-economy. The prime consideration is the human being, and that implies that all activities which are needed are divided in such a way that all people in the community can take part in it, so that nobody is left out.<sup>15</sup> Indeed a Gandhian economy is primarily an economy of inclusion, of labour and of sufficiency. It is oriented away from greed to need. And from that viewpoint also technology is given its limited place to perform its appropriate service. "I am not fighting machinery as such," Gandhi said, "but the madness of thinking that machinery saves labour. Men saves labour although thousands of them are without work and die of hunger in the streets. At present the machine is helping a small minority to live on the exploitation of the masses."<sup>16</sup>

The basic concept of Gandhian economics is extremely refreshing, and has had, as we will see, a lasting influence. Nevertheless the question comes up as to whether it is too remote from present day realities to be fully implemented in the way Gandhi anticipated. What can be preserved or maintained from these concepts in a society which already is, and has been, fully confronted by the forces of modernisation? This is also important in relation to already existing alternative economies like the Ubuntu-economy of Africa and the Uma economy of Sumba and of other parts of Indonesia. Or, asked in a different way: Are these and other economies open for a kind to adaptation to modern times, so that their principles can be modified somewhat, can be retained as important steps for economic survival and renewal?

In relation to that important question I would like to draw your attention to two interesting observations.

**The first observation** relates to recent changes in the Umah economy in Sumba. They prove that such a local economy is at least partially capable of integrating elements of modernisation in its own way, in its own culture and economy. Maybe my own personal observation of similar changes in Java is already

---

13. C T Kurien *The Economy* Sage Publications, New Delhi 1992 p. 354v

14. See Romesh Diwan, *Gandhian Economics* quoted also by Gedong Bagoes Oka, "Viewing Economics from a Hindu Perspective" in Josef P Widyatmadja ed *No More Yoke To Our Neck* Social Welfare Guidance Foundation Surakarta 1995.

15. *Ibid* p. 82

16. quoted by G Madan *Economic Thinking in India* Chand Delhi 1966 p. 134.

known to you all here; but that does not diminish the importance of the fact itself. Partially that "inculturation" of the money-economy has come about by the effort of the people to incorporate people with a cash-salary in their own network by which resources are exchanged. If and where they succeed in that, former strangers are then treated economically as kinsmen - which means that, as Jacqueline Vel correctly concludes, reciprocity also becomes for them the most appropriate mode of exchange.<sup>17</sup>

Let me put this in my own words: in long-established communitarian economies, even in those which are very traditional, there is often a hidden vitality which should not be under-estimated. This is a vitality that can selectively use those elements of a modern money-oriented market economy which can be brought under the umbrella of the values and institutions of the existing traditional culture.

**My second observation** is that concepts and ideas like those of Gandhi, still inspire many people and groups all over the world. Here I can mention the name and work of the English economist E. F. Schumacher. Schumacher, who died some years ago, predicted the coming crisis of the Western economy in sharp and clear terms, drawing attention to its almost total neglect of the value of the person and its reckless and violent attitude towards nature. But not only that. Schumacher also spent an important part of his life searching for another economy; an economy, he said, as if people mattered. And here indeed is an echo of Gandhi's work. The importance of Schumacher's contribution is that he has made it crystal clear that every modern viable economy in which people matter, in which their inclusion and participation counts and in which nature is treated with due respect, needs to make a conscious choice about the technologies to be used. There are human and appropriate types of modern technology, but also inhuman or less appropriate ones. And in that realm you need wisdom to choose and to prefer simple, labour-intensive techniques - which is not the same as backward or traditional - above complex and capital-intensive forms. Schumacher was also one of the first modern economists who used the concept of *enough* or *contentment* in relation to economics. If you always want to have more goods to consume you will soon not only overburden the earth but also become enslaved to a never-ending greed. Schumacher was a good friend of John Maynard Keynes, and shared with him the opinion that the earth cannot sustain a maximum of mobility in transportation. In this sentiment there is a strong echo of Gandhian economics. Ever higher volumes of international trade, so he declared in the good company of Keynes, leads straight to forms of global inefficiency and makes the world economy more vulnerable to shocks and environmental damage.

**(II B-ii)** Until now we have looked at possible local and national alternatives in a static, comparative way. But let us bravely approach the problem also from a more dynamic angle. Here the basic question is: is there a way to counterbalance the harmful consequences of an ongoing process of economic globalisation from the local and/or national levels? With that question we enter a discussion that considers the "economics of enough".

The clearest way to explain the essence of an "economy of enough" is by the use of two symbols: on the one side a tunnel with a lot of traffic, and on the other side a blossoming tree.

The tunnel, of course, is the symbol for the present economic system. In a

---

17. Jacqueline Vel op cit p. 247

tunnel all traffic is squeezed in one direction, on its way to the light at its end - the promise of more wealth and happiness. To deal with as much traffic as possible, the speed through the tunnel (that is the rise in productivity) has to be high. That also implies, that slow cars are not welcome. They are excluded at the entry to the tunnel by traffic-signs (hence the exclusion of the unemployable, and the handicapped from the productive economy). Also, within the tunnel there is a lot of noise and pollution. But that is seen to be unavoidable, because everyone wants to maintain the high mobility in the tunnel and wishes to reach the light as soon as possible.

On the other hand ...

A tree which is blossoming is also full of growth and energy . In that respect it is similar to a tunnel. But in all other aspects the differences are remarkable. To begin with: a blossoming tree uses no kind or form of exclusion. All cells are involved in the process of organic growth, and they play their own role and function in that process and are accepted for what they are. Secondly, the tree does not create harm for its natural environment. It does not pollute, but even enriches the soil with its roots and with its leaves. Thirdly, the type of growth and the manner of development is diverse. Blossoming stands for a result of joy and wellbeing, which is reached via a variety of patterns - it is certainly not a uni-directional movement.

Hearing all these differences one might ask, filled with some surprise : how is it possible that a tree is capable of doing all these positive things in the way it does with such a contrast between it and a tunnel full of traffic? The answer is remarkably straightforward. Every tree has an inbuilt formula (or wisdom) not to try to grow as soon as possible to the skies, not to expand upwards in all directions upward with the greatest possible speed. It "knows" that at a certain moment it has to mobilize its growth-potential for development in other directions than merely its height. To be able to bear fruit and to blossom, it has to refrain from maximum expansion above the ground (its productivity) and it has to conserve and convert its reserves and cells for other purposes as well.

When we consider economics, a similar wisdom holds. If we put everything and everyone on a fast-track demanded by the maximum expansion of the GNP, both in terms of average income per head and of the rise of the national productivity, we may lose the opportunity to blossom. Blossoming stands for the possibility of including everyone in a meaningful form of labour; preventing the destruction of the environment; and creating the possibility of satisfying the real basic needs of people, both socially and culturally, with all members of the community included. To make that possible, at least some of the energy now spent in providing more expansion - especially more productivity by more capital-intensive mass-production - has to be specifically reserved for these other social and cultural purposes which are more rewarding than mere growth at all costs.

Let me try to make this as concrete as possible. One highly significant and remarkable aspect of the Indonesian economy is to be seen in the growth of gross investments as a percentage of GNP. Since 1968 it has risen from 15% to no less than 33.4%, which is an extremely high figure. Average economic growth of the GNP in the last few years has not been higher than 6.8 %. Professor Sumitro Djojohadikusomo has mentioned these figures in an interview in the Dutch newspaper *NRC* (May 15, 1993), and in my opinion is right to be puzzled by that disappointing result, especially because the outcome in terms of employment is

very poor: 39% of the Indonesian working population is either unemployed or works for less than 35 hours per week. But in this case a critical question emerges which begs for an answer. The question is this: would not these most recent results have been far better if, for instance, one-third of that very high level of investment had been re-directed to the development of what I have called "blossoming activities". This would have led to more labour-intensive forms of production, especially in the realm of basic goods and public provision, and also it would have helped create jobs that were oriented to a better and more careful stewardship of nature? What would have been the result if, for instance, some concrete efforts had been to elevate the still extremely low income level of the poor, while at the same time restraining further rises in the highest personal incomes in society? The answer to those questions can hardly be negative. The Indonesian economy may well have had a somewhat slower rise of its over-all productivity, but certainly it would be more blossoming now, perhaps more than it has ever been before.

At this point it becomes clearer just what a development in the direction of a more caring and sharing economy might bring. Such a development will always have to be based on some restraint: either the restraint of no further rises in the general level of income and consumption - as would be most appropriate for instance in the richest countries - or a restraint that requires a percentage of any potential investment to be used for purposes other than pure production. An economy without these restraints automatically develops into a tunnel-economy. However, an economy with one of these restraints, can begin to blossom, even within the context of a world-wide process of economic globalisation. For when such blossoming is stimulated then the degree of vulnerability of the economy from external developments and shocks will also certainly be diminished.

But if this is true for alternatives on the national economic level, does it hold as well for alternative developments on the regional or local levels? At such a level, the impact of the national economy seems to be very strong, so much so that it may look as if it is better to forget about any regional or local economic blossoming. There are however good illustrative examples to demonstrate that here also alternative developments are sometimes possible. And that brings us to the well-known Mondragon-case.

In the Basque region of Spain, a project began in 1954 and has been called the Mondragon project. It is a small workers-cooperative.<sup>18</sup> The spiritual father of that project was a Catholic priest, who was deeply struck by the consequences of the civil war for the poor in Spain and set about establishing a network of self-governing cooperative enterprises in the Leni valley. They received advice from the members of a newly founded technical college and were financed by a cooperative bank that was also newly established. In 1984, the region had no less than 85 industrial cooperative enterprises which employed 20.000 worker-owner-members, 6 agricultural cooperatives, 4 service-oriented cooperatives which provided medical services, 14 housing cooperatives, 43 cooperative schools with 31.000 students, one consumer-cooperative with 70.000 members, and one credit-bank *Caja Laboral Popular* (the "Bank from the people's labor") which boasts no less than 500.000 customers. These are remarkable results. Mondragon is a broadly based and integrated development which is responsible in human and ecological terms. It has reached

---

18. John C Cort, "Is Mondragon the way?" in Max L Stackhouse et al eds, *On Moral Business, Classical and Contemporary Resources for Ethics in Economic Life* Eerdmans Grand Rapids 1996, p 558.

self-sufficiency on a local and regional scale on the basis of only two principles, namely:

- 1) the principle of co-determination: no firm or project is started or continued without the full involvement of all workers in the decision-making process; and
- 2) the principle of economic restraint: it is presupposed that all members and co-owners re-invest a part of their financial rewards in order to promote the well-being and growth (or blossoming!) of their cooperatives.

In this way an authentic economy of care was erected, and this economy acts now as a concrete example to the world that it is indeed possible within the climate of modernisation and globalisation to develop cultural democracy and a sense of community guided by justice, in order to promote a healthy environment and a sustainable economy.

### ***III. Evaluation and Conclusion.***

We have studied present developments in the world-economy with its enormous dynamic and potential for globalisation and exclusion, and we have looked at some alternatives for the national and local level. Does all this leave us now with genuine hope for our own situation? For some of us it may still look like asking the impossible! And what in the context of all these problems is the relevance of our Christian faith? Can our faith truly give us real hope?

Against this background I would like firstly to question the so-called inevitability of economic globalisation, and the repeated plea of many politicians and businessmen that without an immediate nation-wide adaptation to that process we will all certainly perish. "We have no other choice", they so often say, "than to obey the commands of the world-market". From a Christian point of view this is not only a doubtful and a fearful prospect, but also a risky thing to say. For statements like these sound as if a kind of hypnosis has descended, a narrowing of the mind. It is as if markets and global competition ought to be seen as forces that operate far above our heads like massive idols, as living powers which should be feared for what they can do to us!

But fear should not be our guide, and the adoption of such a narrow view on reality can easily mislead us. Our eyes should be open enough to see the high degree of anti-realism in today's global economic development. Of course one can think and act as if the world is just this dynamic universe of ongoing and never-ending economic and technological progress. One can also call that 'realism'. But it is not. Sooner or later, all these efforts to reach an always higher level of productivity, and an always booming acceleration of money flows are doomed to collapse. This is because of the simple reason that they are gradually losing contact with the ground, with created reality itself. The carrying capacity of human beings, of the earth, of the environment is too limited for those exercises in the name of our happiness and well being, and this will become increasingly clear in the coming years. So my first comment is: the Lord's creation and our own human condition - hence reality itself - is not on the side of an hypnotic enslavement to the laws of an infinite hyper-dynamic economic universe. It is on the side of the finite needs of common people. And that gives hope.

My second evaluative remark is about the value of an approach that takes

steps, one at a time, to change direction. Sometimes people, also Christians, lose their hope because they see social and economic alternatives as a kind of blueprint: beautiful, but at the same time so complex that perhaps they can never be realised. Here it may be good to note that our Christian faith - just like all religions, as with Buddhism and Islam - points us *from the start* to the significance of taking a path in our lives, a way-orientation. It asks from us not primarily to strive for beautiful goals at all costs, but the willingness to follow an already given path as a way of concrete obedience. This is true also for economic life and the way which has to be followed is first and foremost a path that has already been given to us. It is the path of a Lord who asks that justice be done to the weak, that we care and share as good stewards (Greek: *oikonomos*) about everything and everyone entrusted to us, and that we choose for concrete forms of solidarity.

This seems merely pious talk, but it is not. Our economies, and also the world economy, try continually to avoid any kind of way- or path-orientation. All those values are usually seen as having the potential to hinder the autonomous expansion which economies supposedly require. But now the time has come to see that the real perspective, also for our national and local economies is no longer delivered to us by such types of autonomous economic development. We should therefore re-affirm our commitment to values like justice, good stewardship and communal solidarity. They are not only good principles in themselves, they are also necessary and binding contexts for our own economic and technological development.

In a country like Indonesia is it possible that something good may be born from a combination of the wisdom behind some of the alternatives we have described in part II, and the courage to take concrete steps on the path of justice and *oikonomia* in the direction of a more blossoming economy? This leads me to two concluding suggestions:

- 1) It is a matter of some urgency that the economic and political leaders of our time should be made more aware of what is going on at the grass-roots level of our societies, and they also should be confronted in concrete terms with their responsibilities to do justice and to be good stewards. Of course, that requires groups or agents willing to make that kind of appeal. But no agents can do that better than the suffering people themselves, and/or the organisations which have their trust. So the people themselves, in their communities, should be called forth to become active participants in this new situation, to become alert to the decisions that are being made to shape their communities, and to co-operatively decide what to do about it.

This presupposes, in the first place, the presence of a kind of public platform, so that the views of the poor and excluded can be heard. An important public platform is, for instance, the institution of an independent legal system. Common people should have access to judges and courts which have the legal authority and the practical will to correct abuses and where necessary to restrain powerful business-firms and political agents.

- 2) In the second place, it asks as well for a willingness among the people to cooperate in new and somewhat different ways. In our time there is not just only one threat. Our present and/or coming crisis has many sides, it has social, economic, environmental and cultural aspects. Therefore the action by which we address actors in society, calling upon them to behave in a better or more responsible way, means much more than can be done by one-issue movements or groups which promote only one interest. Our time asks

for a concerted cooperation between all those movements and organisations which, in one way or another, are at the suffering end, or on the sacrificial side, of modern society: the side of the poor, of the excluded, of children, of a neglected nature. People-movements that mobilise the poor should not isolate their case from what is now happening to the environment. They should also look to forms of cooperation with environmental movements and human rights organisations. And each of these movements should also develop some rapport with institutions and organisations committed to improving public health. Only together can they make a joint effort that addresses the authorities in national and international terms. Together they must raise their voices to ask that political and economic abuses cease and that new and positive ways forward be found.

Next to the issue of addressing actors in terms of justice and stewardship - which is, so to speak, choosing the "demand-side" in our relation to modern society - there is, and has to be, a choice at the "supply-side". This is about what we, and all other people who are motivated by justice, care and solidarity, are willing to offer, and to bring.

This can mean a form of supply on the basis of reciprocity. Think, for instance, about a possible promise you might make to accept some difficult consequences for what you are proposing; or think about the way you express your willingness to cooperate actively in the implementation of what is being asked for. Without such a gesture your claims and demands can too easily be rejected - for instance with the argument that there is no money available, and that there is no alternative to taking a hard and cruel path.

Sometimes a "supply-side" willingness to engage with open hands, "disarms" even the most powerful agents. But - and that may be even more important - this choice at the "supply side" can and also should take the form of the creation or consolidation of concrete economic alternatives. This is especially vital at the local and regional level. For only in this way can you show that there are other possible ways for the structuration of economic life and economic trade, and so awaken hope for the world as a whole.

To be able to achieve something like that in Indonesia may imply that new energies are drawn from your own extremely rich cultural heritage. And for that inspiration may also be needed from your Christian roots. It is not my role here to elaborate that further, but maybe one concluding illustration can be of help.

It is taken from Japan and the Phillipines. In Japan since the beginning of the eighties there exists the so-called Japanese Solidarity Network (JCNC). This network has been able to link the work of the consumer-movement in Japan with the needs, and creative possibilities, of worker-unions and peoples-organisations in the Phillipines. So together they have created, it is fair to say, their own alternative type of economic globalisation!

Ohashi Seiko, who wrote an article about this project, informs us that it started with an appeal for help from a group of landless people in the Phillipines who were starving because of the fall of the sugar price.

But instead of asking for financial support, they demanded a market for their products in Japan. In Japan the consumer movement has its own delivery-system, and because of this it was possible to honour that request by the formation of a separate corporation, called ATJ (Alter Trade Japan). Since this beginning it

has imported bananas from these Phillipino farmers which, by the way, are the only chemical-free bananas in the Japanese market. "We see our trade as a means of benefiting the community" it is their stated principle.

Now the remarkable thing is this: in the Phillipines this project has a spin-off, a five-year plan for the region as a whole, somewhat similar to what happened in the valley of Mandragon in Spain. The mono-culture of growing bananas actually threatened the ecological balance in the region, and so the farmers decided to do something about that: "We need ecological balance to go hand in hand with economic balance", was their watchword. 1000 families in the Phillipines are now participating in this solidarity project in which environmental care is included. But it is also a solidarity in which marketing becomes an important aspect. Looking to the Japanese example, the Philippine farmers decided to start their own distribution network. So the farmers now have their own stores. Isn't it wonderful how solidarity and community can reach out over the borders? Such an example illustrates clearly that economic life can blossom locally and regionally, even within the context of a globalising economy<sup>19</sup>

I wish you therefore all the courage to do similar things in your own distinctive ways in the Indonesian context, which has still a sense of community that can make people like me, coming from an increasingly individualistic Europe and North America, extremely jealous. It is an economic asset of the highest possible value for the future!

Bob Goudzwaard ©

---

19. Ohashi Seiko "Alternative Trade" CTC Bulletin pp. 75 - 80