

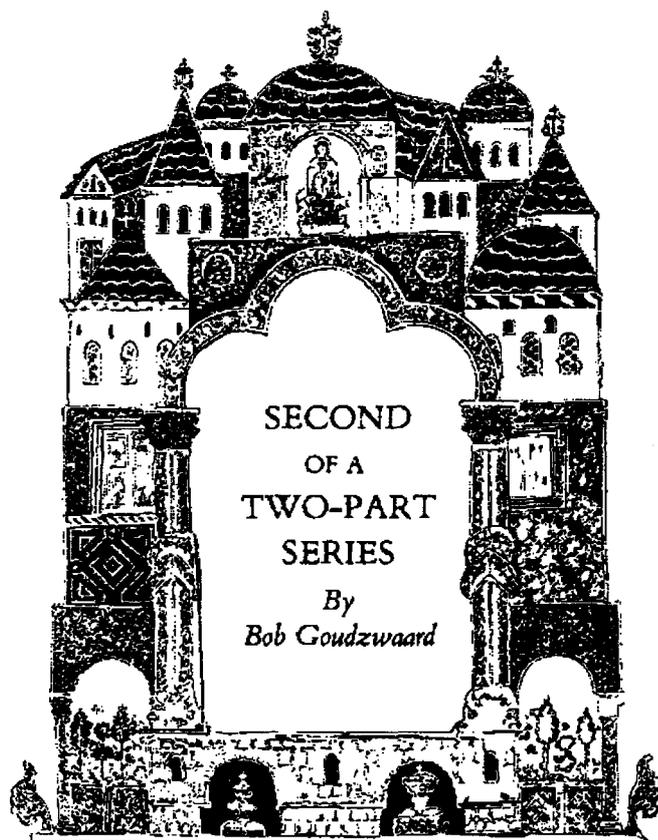
CREATION MANAGEMENT (2) *The Economics of Earth Stewardship*

In Part I, Bob Goudzwaard constructed an economic theory that has stewardship ethics built in. In this, the final part, he describes some practical implications of his theory.

Implications for Economic Policy and Systems

There is some feeling of hesitation arising from the apparent “softness” of our theoretical conclusions. After all, stewardship and care stand or fall with the personal willingness of people, with their subjective insights and their sense of responsibility. But what could that possibly mean in the context of a hard and powerful world, in which neither economic policy nor economic systems are open to a “soft” approach?

With this in mind, we are struck by a particular feature of present economic policies. They often reveal a strange combination of outward general hardness and inward particular softness. That modern economic policy exhibits a general hardness is clear from the often painful consequences of cuts in expenditure, general tax measures, agricultural policy and so on. But if we observe the way in which economic policy deals with — or does not deal with — concrete misbehavior of specific groups, persons or institutions (who abuse their power by forcing up prices or wages, dodging taxes, or spoiling the atmosphere), we seldom see any direct intervention by government. In the face of these facts we meet above all with softness and indulgence.



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Now of course political opinions may differ in this respect. Generally it is seen as a violation of the free working of the market if the government intervenes directly in the economic process itself. But that does not offer us a full and satisfactory explanation of this phenomenon. Obviously, we are dealing again with another consequence of a typically *mechanical view* of economic life.

[68] In such a view unemployment, too high inflation, an energy shortage or excessive pollution are primarily seen as hitches or temporary failures in the economic *machinery*. This means that those problems can only be solved if the economic engine is repaired or improved — which calls for the application of a number of general mechanical instruments, such as the government budget, the money supply, or the *exchange-rate*. In this prevalent view, the behavior of economic subjects or groups is usually accepted as it is, without comment; even when there are clear indications of over- or under-reaction to a given impulse. The *symptom* alone — increased inflation, growing unemployment — is taken as the starting point for seeing what has to be neutralized, counterbalanced, or compensated for by corresponding government action. People may always stay who they are; the real human or social origins of economic problems are neither sought nor corrected, and play no role in the solutions. But it is quite possible that just because of this one-sidedness, modern economic policy has become so huge and complex while being basically ineffective. For if economic sinners have nothing to fear, they just go on with their careless behavior.

Economic science ought to be supportive of that type of government policy which strives to deal directly with inadequate economic reactions by economic subjects. This is not to say that economic policy should be turned into an exercise in morality, or economic analysis be made into some sort of Inquisition. Rather, economic policies should be promoted which are open to the implementation of public justice, and that economic theory should be renewed in the direction of a broader sensitivity for human economic accountability.

Our conclusion is that the “stewardship-approach” for economic policy is in fact not soft or vague at all. It may strike specific persons or (powerful) groups even harder than the present mechanical type of economic policy, which understands everyone and reproaches no-one. It may contain a whole set of directly-aimed and temporary restrictions, prohibitions, sanctions and freezes; but they are never adopted with the intention of “taking over,” rather, they aim to teach unjust and careless economic groups or institutions to deal more responsibly with the legitimate economic interests of others.

But how to deal with those economic problems and evils, which typically have *structural roots* in the way our society is *organized*? Here the hardness of the problems may look so overwhelming that any reference to the need for care looks like tilting at windmills. It is clear, for instance, that a lot of environmental damage, rapid depletion of resources, and the growing indebtedness of the poor nations has to be seen as a consequence of — or at least in the context of — our existing national and international economic system. And this system seems to enjoy immunity from admonition.

Here we have to look with great attention. Societal structures undoubtedly possess great hardness and immunity. But their impetus, their kernel, is often quite soft. For there is no economic system which can maintain itself without a cultural base and even religious roots.

Our own economic system for instance, the so-called Mixed or Social Market Economy, originated in a century dominated by faith in progress. Paradise could be regained, and wealth be obtained by everyone, if only the path of the advancement of *science and* technology and of the extension of the market was “followed obediently” by everyone (Carnegie). It was a faith which proved able to *shift* the mountain of Western society. The structure of the economic system became increasingly goal-oriented — the promotion of the wealth of all — and market-centered; consequently it legitimized a high degree of instrumentalization of all those human, social and natural conditions, which as “factors of production” could be made productive in terms of the new meaning of life. Enterprises began to compete in growth of efficiency, and so could become the vehicles of a continuous flow of the fruits of progress, destined for a society with — in principle — infinite wants.

[69] But can such an economic system, based on a secularized belief or faith, be sustained in the long run? Can it in its hardness endure the ages? No. It lacks creational realism — because it cannot deal with this planet from the viewpoint of care, but always seeks to overcome limits and scarcities. This lack of realism reveals itself clearly in at least three aspects in our days.

First, it cannot be denied that any economy fully devoted to the increased production of priced scarcities — to overcome “the” economic problem as it were — will always and continually exert tremendous pressure on all surrounding conditions which do *not* have a price. In one way or another these “environmental factors” — which may as well be natural, political, or cultural — are “cheap” from the viewpoint of the economic-monetary process: you can have them, and preferably use

them, if you are willing to pay the entry price. In other words, the maximization of material flows always leads to a diminution of those stocks which cannot be produced, but nevertheless are the real sources of life and wealth (Aristotle's *thesaurismos*). The first tendency of a growth-system is therefore to lead to a structural depreciation of the non-priced values and stocks: the Midas-effect of our economic system.

Second, a consequent, structural promotion of material growth will lead to the strange phenomenon of a structural scarcity of wants. That is indeed strange because we are always told that means are scarce and wants infinite. Nevertheless this tendency exists—especially if the productive possibilities seem to have no limit under the Sun. But people are naturally inclined to feel content at a certain moment, to be at least momentarily satisfied with what they consume. That natural inclination is unacceptable to an economic system in which every fall in the rate of consumption growth can cause a crisis. Was it not President Eisenhower who once addressed the American public with the warning: “It is a duty of every American to consume”? Wants have become scarce in our progress-oriented society, and [70] therefore an important and growing part of our resources has to be devoted to the task of indulging people through ever-increasing consumption. But is it possible to over-satisfy people continually?

Third, our present economic system tends to become increasingly more unrealistic, because by its own power it creates a structural abundance of economic means. This is the mirror image of the greater scarcity of wants just mentioned — but also the proof that our present economic system indeed turns the world inside out. This structural abundance is most clearly visible in the permanent excess of human labor, which we call structural unemployment. The economic anomaly is irrefutable — for labor is not only an important economic need in itself, it creates less depletion and pollution than the corresponding amount of mechanical energy. But within our present economic system it is condemned to lie fallow as long as the labor capacity cannot be absorbed by increased economic growth. For from the viewpoint of a growth-oriented system unemployment is not intrinsically bad. It is primarily a positive indication of increased and increasing productivity; an expression of the fact that we can produce an enormous GNP with less labor (or disutility) than ever before. “What we are confronted with is the prospect of a society of laborers without labor, that is, without the only activity left to them. Surely, nothing could be worse” (Hannah Arendt **The Human Condition** Chicago 1958, p.5).

If we look to these three fundamental consequences of our economic system — the tendencies to discount non-priced stocks and values, to make wants scarce, and to make labor abundant — then it becomes quite clear that in the long run this system has no future, no chance to prevail. It is like a spaceship which removes itself from its base without a possibility of return. And that is just another way of saying that the foundations of both present economic science and our present economic system are open to a *similar* foundational critique from the viewpoint of stewardship. Speaking about the possibility of an economy of care is therefore not a kind of luxury, or a pious form of armchair idealism. It could very well be that such an economy of care is the only possible realistic escape route out of the nearing crisis of planetary mismanagement.

But is an alternative really possible?

If we look to the so-called plan-economy, we will find there no solutions at all. It is just [71] another system of eternal growth, driven in this case by the infinite wants of the state. It leads to similar or even worse distortions of the environment as does our market economics. And because of the “deification” of progress in Marxism-Leninism it can never tolerate any significance of the mandate of stewardship for its way of economic planning. Obviously we have to look in a quite different direction. We have to find a path — more than just another model — which can lead our societies to a combination of at least three crucial elements:

- a) a structural appreciation, instead of a structural depreciation, of the high economic value of our natural and cultural environment;
- b) a structural orientation to the possible satisfaction of real needs in the world, instead of an orientation to the over satisfaction of wants or desires in the western hemisphere;
- c) a growing involvement of human labor, not only in production, but also in the different fields of care and preservation.

In this regard there is, or may be, an interesting candidate. It is the scenario of the so-called “economy of enough” or “stewardship economy,” as it was elaborated by the Dutch Scientific Council for Government Policy, the WRR, in 1983. One of the impulses for that scenario came from a discussion which took place and is still taking place under the auspices of the World Council of Churches around the concept of a “sustainable society”: a discussion in which, among others, Harry de Lange, Herman

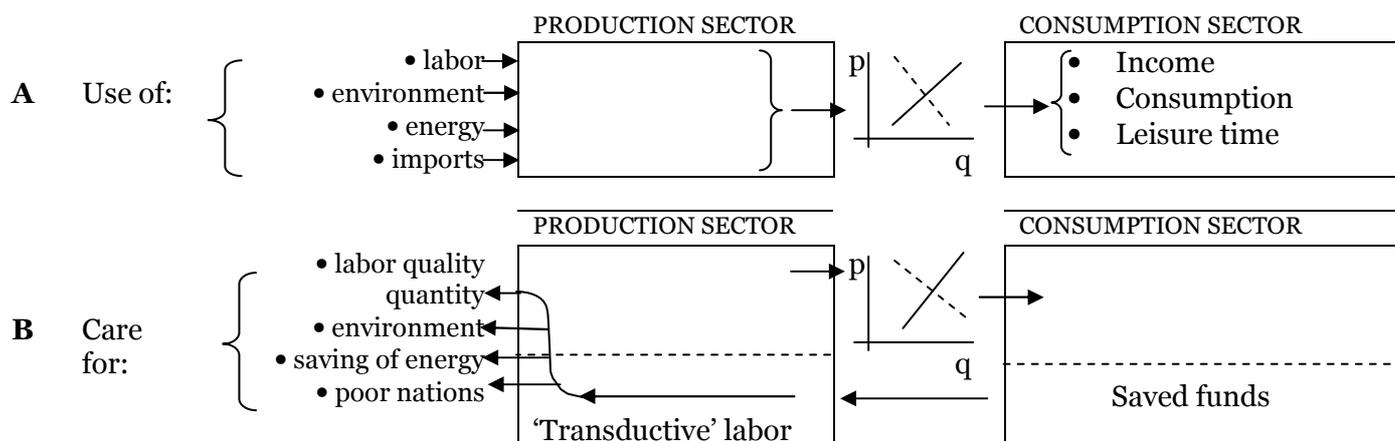
Daly and Jan Pronk participated. The Dutch official council compared three different possible “futures” for the Netherlands; one scenario dealt with the possibility of further growth in the market-economy, a second with the further extension of the welfare state, and the third was this “economy of enough”. The likely results of all three were studied through use of the input-output model of the Leontief type.¹

The heart of an “economy of enough” is diametrically opposed to our prevalent economic system — insofar as the present system is oriented to a maximum flow of incomes and market-commodities, and accepts the resulting gradual deterioration of the environment, the impoverishment of the third world, and the increasing substitution of labor by capital as necessary “sacrifices.” In an “economy of enough” a fundamental *inversion* (the term is Tinbergen’s) takes place between ends and means. The usual ends — income and growth per head of population — now become the means which have to be chosen at adequate levels (hence the word “enough”), while the usual means — the quantitative and qualitative input of labor, the rate of input of energy and environmental factors, and the inputs obtained from the economic relations with the third world—now become the real ends or goals. They have to be restored and recognized for their own value: this calls for an instrumentalization of the income, consumption or “through-put” level. In the economic model of the WRR the new ends have been defined in terms of desired levels of labor quality and quantity, rates of saving energy, rates of decrease of pollution, and a desired capital transfer to poor nations; in the case of the “labor quality” this even meant the addition of a totally new element in the input-output scheme. In a process of trial and error the WRR tried to detect how far these goals infringe upon, or are incompatible with, present income and consumption levels in the Netherlands. This calculation led to the conclusion that a mixed combination of energy savings, increased employment and so on could be realized if the Dutch people were willing to accept some slight decrease in average income and consumption levels (in no year was there more than a 3% loss of income or consumption), and if they were willing to cooperate in the orientation of society as a whole, and in its parts, to these broader ends. In the following picture the essence of an “economy of enough” is further illustrated:

Picture A represents an economic system, seen from the supply side, in which

¹ **Wetenschappelijke Raad voor her Regeringsbeleid, Blieheidsgeriehere Toekomst-verkenning II. Een verruiraag van het perspectief** The Hague, 1983; an English summary is separately available (Statsuitgeverij, PB 20014, The Hague).. WRR = Wetenschappelijke Raad voor her Regeringsbeleid (Scientific Council for Government Policy)

a stream of income and commodities is generated by the production sector, which leads — mainly via the market — to a constantly growing level of income, consumption and leisure time (either voluntarily, or via [72] unemployment). The necessary “inputs” are mentioned at the left side of the picture. *Picture B* illustrates the consequences of an incipient reversal of the economy. A part of the production potential is diverted from the goal of promoting higher income and consumption levels to the goals mentioned at the left side of the picture. This is possible because they are freed up to pursue those goals by a corresponding slight fall in the average income/consumption level. The picture illustrates a concrete way in which such an inversion can succeed: namely by the joint formation of concrete funds, which a) are destined, under control of the contributors, to reach well-defined goals in terms of growing employment, labor-quality improvement, the saving of energy, the preservation of land, aid to poor countries, and conversion from war to peace industries; b) made financially possible by either voluntary or enforced foregoing of disposable income, and c) can originate on a variety of levels:



the level of the national economy, of different branches of industry, of concrete firms of labor unions, but also on the local level. An interesting example of the last case is a church community, which wants to renew its lifestyle by combining a more modest way of living with caring for the economic needs of others, nearby or far away, and in doing so also creates employment for some members of its own (local) community.

Other ways to promote the inversion or conversion of our economic system are the acceptance of a so-called partial basis-income for everyone, and perhaps more important — the introduction of cooperative elements in the structure of existing firms and companies, which can lead to a broader set of goals for production

units on the one side, and to a more instrumental choice of the level of incomes on the other side.

Essential for the success of all these approaches is the combination of a concrete willingness to forego higher income and consumption levels and to channel these elements of relative abstinence to what is needed in terms of a sustainable society, now and in the future. Included in all those proposals is therefore a remarkable growth of what can be called "*transductive labor*": labor which is not primarily oriented to what is productive in terms of monetary results, and is accordingly remunerated—but labor which is simply compensated *for* the necessary costs of living, and is primarily oriented to the trans-duction of the present society, naturally as well as culturally, to *a* future in which our poor neighbors and our children can also live. Too often, transductive labor is paid for in our societies as if it were fully productive in money terms—this has meant that many types of socially necessary labor have become too expensive; but it has also to be said that our society too easily has accepted and continues to accept cuts in labor-of-care whenever the bill seems to become too high. A really sustainable economy, therefore, means that the distorted balance between productive and transductive labor is restored through introduction of more transductive and less productive labor.