

New frontiers in Economic Theory:

"The place of the economic system
in human societies."

^{boundaries}
While the frontiers of knowledge have been
extended far in space, they have
been ~~extended~~ ^{narrowed} in time.

The modern world has lost general
geographical coherence, at the
cost of historical unity.

In other words we feel more
at one with people of all
places, than with people of
all times.

^{of course}
The ~~surprise~~ reason is our
~~we were~~ belief in progress. The feeling
that was a decisive event
- in time. Just because of
its historical, it was
symbolic. The period before
& before we are two creations.

Whatever the connection between
Christianity & progress - and
there is more than one - its
account for the progress
account for the stability of the
prophetic world and the
clarity of the human
world. While peace on the orbit
~~is~~ appear to be nearer
every day, peace on the orbit
of ^{temporal} ~~have~~ appear more distant
and further to us. What
we have gained in solidarity
with our contemporaries
of all rank, ~~and~~ and creed,
we have lost in solidarity
with the races and peoples
of the past. We are worldwide
in expanse, but shrinking in
depth. Our roots are weakening.
We are jerry built to a blueprint
drawn up of the antipode,
but reverse

from 1955, love

NEW FRONTIERS OF ECONOMIC THINKING

~~In the statement issued by your Fellowship I found emphasis~~
~~on this.~~ ^{Commitment - that} Some of our most urgent problems ~~[are Christian]~~ spring from
the need of adjusting the forms of our social life to the technology
we have adopted. ^{leveling of the trade cycle - mass unemployment}

^{insuring of tenure of jobs. individual independence}
^{of incomes - without loss of freedom}
The sphere of life in which such adjustment would have
primarily to be made is of course the economic, that is the way we
make sure that we do not go without the necessities of life. What
broadly is implied in this? ^{and what new light does economic} Especially in the light of the knowl-
^{science thrown upon our problems?} edge recently gained about societies prior to our own? That is the
question.

Let us repeat the pragmatic definition of the economic
sphere of life - "the way we make sure that we do not go without
the necessities of life." Do we actually fear that we might liter-
ally starve? And if some of us sometimes do, is it for most of us
most of the time even approximately true? And then there are the
leaders of American industry who earn several hundred ^{thousand} dollars a year
and ^{yet} surely the level of our production owes much to their exertion.
Do these exertions actually spring from fear of otherwise starving?
And if not, is this fear of theirs even an appreciable factor in
that achievement of super-abundant plenty?

Not at all. The Trobrian Islanders of the South Sea grow
normally twice as much yam fruit as they need and allow it to rot.
They ~~freeze~~ ^{freeze} their economic life in terms of plenty, while according
to our standards we are surrounded by scarcity. We, according to
their standards, are surrounded by plenty but freeze our economic
life in terms of scarcity. That is why we are able to accept the
fiction that the millionaires are actuated by fear of starvation.

But the truth behind the fiction is that in principle a man must either earn his wages or make profit. Otherwise he goes without an income, and how can he then be sure of providing himself even with the necessities of life?

It is to insure that everybody tries to sell whatever he may possess in order to make an income that our society is organized as it is. And everything else has been subordinated to the requirements of the system. The property owner sells the use of his capital or land, the worker sells the use of his labor power -- and their incomes are actually prices which they attain on the market: price of the use of capital called interest; price of the use of land, called rent; price of the use of labor power, called wages. The entrepreneur sells his services and is recompensed by profit -- a difference of the price of cost goods and product. His income also depends on the market.

As you see, the market system determines their incomes which are prices determined by different markets: markets for the use of labor power, capital, land, or whatever they possess. Only the entrepreneur has no direct market for his services: he must take the risks. That's may be why he tends to disappear in large-scale industry being replaced by the manager who gets his safe salary.

I am not going to go much further into the nature of our economy here. My point was to show that we rightly assume that our market economy appeals to what we call "economic motives," that is, fear of hunger and hope of gain.

But by calling hunger and gain economic motives do we not prejudge the ~~xxx~~ very possibilities of the adjustment of the economic sphere of life? Let us consider the point.

In one sense the answer must be yes. Since market economy takes care of the production and distribution of material goods, and hunger and gain [as we define them] are insuring the working of that system, it is justified to call them economic motives since they happen to be the motive on which the economic system rests.

But are they economic in any other sense? Are they intrinsically economic? In the sense in which aesthetic motives or religious motives are aesthetic or religious, that is, as the outcome and expression of an experience the quality of which is self evident? Not at all. There is nothing economic about hunger: if a man is hungry there is nothing specific he can do. It is certainly no indication how to go about production. It may induce him to commit robbery, but that is not economic activity. Neither is the cerebral drive of gain specifically economic. Its idea and maybe its urge, if such a thing exists, have no connection with the production and distribution of material goods, unless such a connection be provided by some elaborate economic mechanism, -- ~~xxx~~ which would be begging the question.

The point is of very real importance. Unless we see this clearly we must assume that an economic system is necessarily run on economic motives, meaning motives which are intrinsically economic such as we uncritically assume hunger and gain to be.

No worse and no more unscientific narrowing down of our freedom of action is conceivable. The task of adjusting our economic system to technology and justice would have become insoluble.

It would be truer to say that at no time before the setting up of market economy has the economic system made the individual's fear of hunger a motive for his participation in production. The community

as a ~~whole~~ whole may be -- and usually is -- continuously concerned about food, but this concern is not passed on to the individual in the form of a concern about his individual share as depending upon his participation in hunt or catch, tillage or harvest. In primitive society institutional safeguards are provided against fear of hunger as an individual's motive for action in the economic sphere. The same is true of medieval society, and indeed, even of the mercantile system. The tendency is throughout to avoid what we call the economic incentive. This does not mean that the connection between social dividend and the amount of the share in it, can be severed -- this would be obviously impossible. No more than is available can be distributed and under many economic institutions a man's share may depend upon his own exertions. But that is not the point. An individual's fear of hunger is entirely different from his apprehension of being better or less better off, and it is precisely the whip of hunger which is absent in poorer societies than our own.

This is even truer of the motive of gain made on exchange. It is either entirely absent or insofar as it is present, it is ostracized and put under a negative premium. Surely many ~~xx~~ exceptions will come to your mind. But their importance should not be exaggerated. We tend to look at the past with the eyes of the present and recognize the familiar trends more easily than the unfamiliar ones. What counts is the character of the dominant institutions of an age, since these set the limit to the growth and scope of the secondary ones. The presence of merchants need not imply the dominance of commercial attitudes as the presence of monasteries today does not make society inter-monastic. The presence of markets is a harmless fact and the use of money is as a rule, a subordinate trait. It does not imply

a monetized society and the presence of markets in an economy does not in any way involve the existence of a market economy.

Now what is this market economy of ours which is run on economic motives and the adjustment of which looms so large today? It is the dominance of the market pattern. Primitive society is based on kinship systems. Feudal society, on the personal tie. Our society is embedded in the market pattern.

The criterion is simple. The mere presence of markets need not involve the existence of markets for labor and land. These two pillars of social existence are everywhere sheltered from the action of the market. For what we in our jargon call labor and land is merely the economist's name for man and his natural environment. As soon as these are organized in markets, that is the fate of man and his habitat are left to the action of the market, then and then only, has the market grown into the dominant institution of the society -- like kinship, monastery, feudal tie, and other types of societies.

Formerly this is expressed in this. The market system becomes autonomous and automatic, for once the factors of production, labor and land, have markets of their own then capital, which is a combination of labor and land, can move from one market to another oriented on the single ^{aim} ~~task~~ of equalizing profits. This is what we mean by self-regulating market system, that is, by a system of markets comprising ~~the~~ free markets for labor and land.

Now clearly such a system could not exist for a day without destroying the human society delivered up to it. Men would perish, nature would return to dust in the grips of this blind mill -- a tower of Babel whirling itself to destruction.

Naturally, such a state of affairs has never actually existed [although some economic theorists still postulate it as the foundation of practical policies]. The rise of the market pattern to dominance was accompanied by a movement in the opposite direction, protecting the substance of human society -- man and nature -- against the working of the Satanic mill. Especially labor and land were never completely abandoned to its mercy, while unfortunately our mind and thoughts were -- and indeed, had to be, -- exposed to the desiccating samum of economic prejudice. The institutions, however extreme, were at least met by institutional counterforces, protecting society to some extent; but in the field of philosophic and religious thought, the commercialist influence reigned supreme. Thus, our picture of man was deeply influenced by ^{economic} ~~mythic~~ assumptions and so was our view of man's freedom to shape his world according to his ideals.

As regards man