

Adam's Myth

The rich only select from the heap what is most precious and agreeable. They consume little more than the poor; and in spite of their natural selfishness and rapacity, though they mean only their own conveniency, though the sole end which they propose from the labours of all the thousands whom they employ be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessaries of life which would have been made had the earth been divided into equal portions among all its inhabitants; and, thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species.

Theory of Moral Sentiments

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

An Inquiry into the Nature and Causes of the Wealth of Nations

Psalm of the Market

The Invisible Hand is my Shepherd,
I shall not want.
It leads me to Eutrophied Waters,
Polluted by Industrial Waste and Litter.
It makes me lie down in what once were Green Pastures,
Converted to Shopping Malls, Big Boxes everywhere.
Yea though I encounter fierce Competition,
I fear no Loss,
For It is with me.
Its Methods of Allocation and Distribution comfort me, and
It restores my Capital.
As I pursue Profit and recklessly squander Resources,
It promises Maximization of my Utility.

From It comes Production and Consumption, and
Economic Growth without Limit.
I glorify Its Efficiency, and
I shall dwell in the Temples of Commerce forever.

Man claims to want freedom, but everywhere he is enslaved by ideologies of his own making. The fundamental question of what impels the human animal to think ideologically, and then act on this thinking in a self-destructive manner, demands analysis from each and every intellectual discipline. The fact that scant progress has been made on the problem of governance since the time of Plato and Aristotle is evidence of the power of ideological thinking, and if progress cannot be made on this problem, the thriving and survival of our species is highly unlikely.

One of the most powerful ideologies to occupy the mind of western man is capitalism and its intellectual offshoot, the pseudo-science of economics. This ideology derives its power in no small part from the fact that it provides the social structure of work. Ever since Adam Smith the predominant social preoccupation of modern man is economic activity. So much time and energy is invested in economics that little is left over to sit back and question the ultimate purpose of the investment and its effects beyond the realm of satisfying individual needs and desires. The modern material economy is predicated on the continuous creation of wealth, which, for a nation as a whole, is measured by Gross National Product—the sum of all goods and services produced for a given year. This statistic is a measure of a nation's economic success, and as such, is of primary concern to government, not only in collecting the data to compile it, but also in developing the policies to increase its magnitude from year to year. Since Adam Smith's invisible hand is supposed to guarantee that the pursuit of private interest will serve the public interest, the doctrine of *laissez faire* is the predominant economic policy in most capitalist countries today, which is guaranteed by the international dominance of such institutions as the World Bank and International Monetary Fund.

As we enter the 21st Century, some of the implications of *laissez faire* are beginning to become evident. The doctrine has resulted in a horrendous creation of wealth as measured by GDP, but the distribution of this wealth is extremely uneven. The distortion of the political realm by economic interest is one of the most obvious and most serious implications of this uneven distribution. But the doctrine also has environmental impacts that only recently have become obvious. Adam Smith published "Wealth of Nations" in 1776, the year of American independence. At that time there were still unexplored areas of the globe and the primary economic actor was the household unit. The "invisible hand" would not inflict serious damage in a world with a large number of small individual economic actors and an unlimited resource base. However, in a world in which the primary economic actors are large and few in number and the resource base is fixed, the "invisible hand" is no longer just a hand manipulating a multitude of puppets at random, but it is attached to complex organism of monstrous proportions that is quickly gobbling up the resources available for its survival. Unless this organism is brought under control very soon, it may lose the ecological services required for its survival.

The role of government in economic activity, both as an economic actor, and as a regulator of economic activity, is a subject of continuous controversy and debate. *Laissez faire* asserts that the role of government is one of extremely limited intervention—limited only to those cases of obvious market failure such as an economic depression or the egregious assertion of monopoly power. The primary purpose of this doctrine is to protect “market freedom”¹ and “economic liberty”. The main assumption behind this doctrine is that of the “invisible hand”—the idea that the market is self-regulating.² The problem with this idea at the dawn of the 21st Century is that “economic liberty” applies less to the liberty of individual natural persons than the “economic liberty” of large multi-national corporations. This fact, in conjunction with the finite limits of a fixed planet, call for a re-examination of our assumptions regarding economic activity. To prevent economic activity from engulfing the biosphere³, we need an alternative to the ideology of continuous economic growth. Since work is the foundation of economic activity, this means that the meaning of work will have to change.

The current meaning of work in modern capitalist economies is defined by “the work ethic”. This meaning has its origins in “the Protestant Ethic” from which, according to Weber, the spirit of capitalism sprang forth.⁴ The work ethic continues to be a prominent element of modern capitalist ideology, and individuals are often evaluated in terms of their work ethic. For our purposes the work ethic is defined as engaging in “productive” economic activity that promotes and maintains the autarky of the household and contributes to gross national product. The reward promised to those with a good work ethic is material prosperity. Thus, the primary purpose of work is material wealth, and labor—both physical and intellectual—is a commodity which is exchanged in the labor market for a monetary wage. The large multi-national corporation is one primary purchaser of this commodity, government at all levels is another, and the remainder is split between small businesses and self-employment. The labor market is under considerable stress from manipulation by large multi-national corporations taking advantage of their ability to move this market from rich to poor nations. Thus, a good work ethic is no longer a guarantee of material success.

If humanity is to prevent economic activity from engulfing the biosphere, the meaning of work must shift from work ethic to ethical work. For our purposes ethical work is defined as the development and use of one’s naturally endowed abilities and talents in an occupation that permits the expression of one’s creativity and enhances individual satisfaction by (1) advancing the store of human knowledge, (2) alleviating human suffering, (3) maintaining the social/physical infrastructure, and/or (4) providing for the common welfare. At first glance, one may think there is little difference between the work ethic and ethical work. But consider Mr. Arbeiter, an upper middle executive in a typical corporation. Mr. Arbeiter goes to work every day and is productive at what he does. His company has produced a steady and growing stream of earnings to the delight of its stockholders, and it is a significant local and national employer. Mr. Arbeiter is a prominent member of his community, serves on several corporate and non-profit boards, and is a deacon in his church. He pays taxes and his company pays taxes. He lives a typical middle class lifestyle, investing some of his earnings and consuming goods and services in the marketplace, and thus, contributing to economic growth. The only

problem is that Mr. Arbeiter works for a company that produces a product that serves no purpose other than to injure and kill people. The product his company produces stimulates additional economic activity not only in the exchange market, but also in the health care industry that treats its victims, and in the non-profit sector where advocacy groups arise to campaign against his company's product.

This example not only illustrates the difference between the work ethic and ethical work⁵, but it also illustrates the shortcomings of the ideology of economic growth captured in GDP. There is circulation of money in the exchange market, an increase in output from the healthcare industry, and additional economic activity stimulated in the non-profit sector. But is this a wise use of resources? Adam Smith focused on the wealth of nations, and we have been focused on wealth creation ever since. But if we go further back in history, to ancient Greece where the *polis* was predominant, we find that economics was concerned with the wise use of resources. We are now at a point where we need to resurrect this ancient idea and create the conditions of a genuine *political* economy where the political assumes primacy over the economic, the meaning of work shifts from “work ethic” to “ethical work”, and the purpose of economics shifts from wealth creation to the wise use of resources in balance with the rest of nature with an equitable distribution of benefits there from among all individuals across all generations. In other words, we must start to think about creating a natural economy.

In the great scheme of things, modern man may be classified as *Homo economicus ideologicus* incorporated. He is of the genus *Homo*, his primary activities and concerns are economic, his thought patterns and belief systems are ideological, and both his activities and ideologies are incorporated in complex organizations. He is driven by the imperatives of competition, the motivating force of the work ethic which finds its expression in the ideology of growth. The society he inhabits is predominately commercial which is sustained by the consumption of an ever-increasing array of goods and services. The cycle of production and consumption is fueled by money which makes exchange efficient, creates the modern market, and provides the common denominator for the economy. The acquisition of money, which serves as a claim on resources through the purchasing power it provides, is the primary reason that people work. The amount they receive through these efforts measures their “success”.

With his focus on economic growth, modern man has failed to consider that the economy is a growing sub-system in a fixed system.⁶ A metaphor for this is malignancy.⁷ A typical cancer starts out small, growing slowly in a fixed location. Eventually it reaches a point where it can no longer continue to grow without acquiring additional resources, so it vascularizes—develops a network of blood vessels to fuel its growth. It then reaches a point where it can no longer just remain where it is, so it metastasizes—colonizes new areas to allow additional growth. Eventually the number and size of these colonies overwhelm the organism in which they are living causing the entire system, host and the cancer, to die. Human economic activity within a fixed biosphere can be viewed the same way.⁸ Global warming, holes in the ozone layer, toxic levels of pollution in the air and water, the loss of wetlands, rainforests, and other biospheric sub-systems are all

symptoms that the human economic sub-system has metastasized to a point where it may cause the collapse of the whole. A shift to ethical work is imperative.

Below are some steps we could take to begin the transition from work ethic to ethical work. This is a mere outline since books and policy proposals have been written about each of them. The only barriers to their implementation are political, but in the final analysis, these are the most difficult barriers to overcome.

1. Citizen Wage⁹

The idea of a citizen wage or basic income has been around for some time, but now is receiving renewed interest and is being tried experimentally in some locations. For example, Finland is providing an unconditional basic income to 2000 of its citizens.¹⁰ This idea has several advantages, such as eliminating the bureaucracy associated with welfare, but the important point here is that it will eliminate some of the market constraints on individual freedom.

2. Graduated Consumption Tax¹¹

With such a high premium placed on the value of work, why is it that work is taxed? It would make much more sense to replace the income tax with a steeply graduated consumption tax. Taxing consumption will help to protect the environment while steering excess income into savings and investment.

3. End Limited Liability

The establishment of the limited liability corporation made sense when it protected the personal assets of an individual who wanted to establish a business. This rationale no longer applies to multi-national corporations that are controlled by a few officers who are compensated in the millions per year.¹² Executive officers and the institutional investors that control large multi-national corporations should not be protected by the fiction of corporate legal personality. Instead they should be held personally liable when they intentionally inflict negative externalities on the public at large or destroy the corporation they control for personal gain.

4. Realize that any new legislation creates special interest groups.

Every time a new policy is implemented, it creates an ecology of special interests. The most obvious example of this is our drug policy which has created special interests such as the border patrol, prosecuting and defense attorneys, and the drug cartels that reap tax free profits as a result of the policy. By any objective measure, this policy has been a complete failure. However, the special interests it has created make it politically impossible to eliminate it. Does the work created by this policy and its attendant level of violence really serve the public interest? The point here is that policy makers need to be aware of the special interests they

may be creating. Perhaps a special interest impact statement will be needed with any policy proposal.

5. Make all benefits independent of the employer and completely portable.

By guaranteeing a benefit package that includes everything from health care to vacation leave would free workers from being tied down to a particular employer and thus decrease the constraints of the market on their liberty. This idea could be implemented along with the idea of the citizen wage.

6. Develop a reverence for nature to cure our spiritual crisis.

In a very fundamental sense, we are experiencing a worldwide spiritual crisis which is driven in part by our alienation from nature. The natural world, from the weirdness of quantum mechanics to the enormity of the universe with its billions of galaxies that contain billions of stars, should not only fill us with wonder and awe, but should also help prevent hubris through the realization of how little we know. In biology alone there is marvel to behold from the intricate process of mitosis to the interrelatedness of everything in the biosphere. Everything we are and everything we have comes from nature, and human nature is part of nature. If we could begin to appreciate nature in the spirit of Alexander von Humboldt¹³, we might be able to free ourselves from the shackles of our self-imposed ideologies.

There is no doubt that capitalism has facilitated the technological development that has led to a vast improvement in the human condition. But it is a two-edged sword since it has given us the capability to destroy our very existence,¹⁴ and not every problem is amenable to a technological solution. The problem of governance is one obvious example. The resolution of this contradiction requires us to think of new ways of how we can live with one another, one of which is the idea of ethical work.

¹ An interesting question is how a market can be “free”. Freedom is a property of natural individuals or aggregations of natural individuals. Thus, a society may be described as free to the extent that its individual members are able to assert their individual freedom, but a market is “free” only in the sense that it is unregulated by government. Individuals may have the freedom to enter and exit the market at will, but this does not make the market itself “free”. Freedom and responsibility are flip sides of the same coin. A market cannot be “free” because it cannot assume responsibility for anything. It may be open or closed, but it is not “free”. Instead of the term “free market”, it will be more accurate to say “unrestricted market”.

We also need to examine the relationship between “free markets” and individual freedom, which is another aspect of the paradox of freedom—i.e. the more freedom individuals assert the less freedom available to the group members as a whole because the strong overwhelm the weak. “Free markets” do not necessarily make individuals free because individuals entering the market must enter those occupations which the market demands. How often has it been that recent college graduates obtain jobs bearing no relation to their academic major because of the demands of the market? How many individuals are working for employers they cannot stand because of the demands of the market? The freedom to compete in the market often results in the loss of individual freedom of choice.

See : <http://www.opendemocracy.net/ourkingdom/ruth-yeoman/freedom-and-meaningful-work-exploration> for a discussion of freedom and meaningful work.

²I wonder if Adam Smith may have had an ulterior motive behind his “invisible hand”, namely, that by deflecting the interest of the people into economic activity, not only would the wealth of the nation increase, but the people would refrain from engaging in political activity. He may have had an interest in protecting the crown considering he was writing on the eve of the American Revolution. This same idea is operative in China today. The Communist leaders are promising economic growth of 12% to the middle class in return for their abstinence from political activity.

³ This process occurs by using the earth both as a source of raw materials and a sink for our waste and pollution.

⁴ Weber, Max; The Protestant Ethic and the Spirit of Capitalism, George Allen and Unwin Ltd., London, 1943

⁵ This is a potential model for the transformation from work ethic to ethical work. The italicized terms are from Hannah Arendt in her *The Human Condition*.

Work Ethic	Ethical Work
Competition	Cooperation
Price	Value
Inorganic orientation (things, commodities, exchange of things)	Organic orientation (social systems, ecosystems, exchange of ideas)
Scarcity (material goods)	Abundance (transcendental goods)
Growth	Stability
Physical Activity (<i>Vita Activa</i>)	Mental Activity (<i>Vita Contempliva</i>)
Accountability	Responsibility
Production	Creation
Allocation of Resources (RAP)	Wise use of Resources
Earn a Living	Create a Living
Economic Growth	Human Development

Various goods may be categorized along two dimensions as outlined below. It is important to point out the danger that ideas and ideals can easily degenerate into ideology. Transcendental goods include things like: justice, peace, beauty, liberty, dignity, wisdom, and trust.

Material Goods	Non-material Goods		Transcendental Goods	
Things	Services	Information	Ideas	Ideals
Private Goods			Public Goods	

⁶ Daly, Herman E. and Cobb, John B. Jr.; For the Common Good: Redirecting the Economy toward Community, the Environment, and a Sustainable Future, Beacon Press, Boston, 1989

⁷ "Growth for the sake of growth is the ideology of the cancer cell." -- Edward Abbey

⁸ In one week (10/16/05) three articles appeared in the press, which illustrate this malignant process with respect to real estate. The first, "Chasing Ground" by Jon Gertner appeared in *The New York Times Magazine*. It described how Toll Brothers, a national real estate company, is buying up "ground" at a prodigious pace across the country for the development of "estate homes", the company's term for McMansions and starter castles. The article discusses the fact that the point will be reached when no more "ground" will be available. New Jersey is predicted to be the first state to run out of developable land. The second, a series of articles in the *Minneapolis StarTribune* starting on Oct. 16, described a similar land rush in northern Minnesota, which is leading to the conversion of what was once wilderness into subdivided tracts of second homes that resemble suburbia. The third appeared in the Oct. 18 edition of *The New York Times*. It described a land rush in Shanghai, China, which is resulting in the creation of a forest of skyscrapers—4000 have been built already and 1000 more are projected by the end of the decade. This malignancy raises the question of what happens when resources, such as land and the raw materials for concrete, run out. Since money is a claim on resources, what will happen when there are no longer resources to which it can lay claim?

In China the real estate boom has resulted in the forcible displacement of millions, which is partly the result of the fact that that communist nation has no clearly defined property rights. However, this problem may appear in the U.S. as well. Rising property taxes as a result of rising property values may force many owners to sell to real estate firms that are prepared to offer top dollar. Such sales can hardly be considered "voluntary". The Supreme Court decision, *Lelo v. New London*, decided June 23, 2005, has now sanctioned the taking of property for economic development purposes, which means that developers may be able to use eminent domain as a real estate acquisition tool. How will this play out when there is no more developable land available? This is another example of "free markets" restricting individual freedom—in this case forcing individuals to sell property they do not wish to sell.

Gertner, Jon; "The House-Building Industrial Complex", *The New York Times Magazine*, Oct. 16, 2005.

The Minneapolis Star Tribune, Oct. 16, 18, 20, 22, 26, and 28, 2005.

"China Builds Its Dreams and Some Fear a Bubble", *The New York Times*, Oct. 18, 2005

⁹ www.citizensincome.org

¹⁰ https://www.nytimes.com/2016/12/17/business/economy/universal-basic-income-finland.html?_r=0

¹¹ Frank, Robert H.; *Luxury Fever*, Princeton University Press, Princeton, N.J. 1999

¹² This high level of compensation illustrates the fact that money violates the law of declining marginal utility. If this law applied to money the level of income and wealth inequality would not be as severe as it is today.

¹³ Wulf, Andrea; *The Invention of Nature*, Vintage, 2016
See also <https://biomimicry.org/nature-elect-president/>

¹⁴ Schell, Jonathan (1982); *The Fate of the Earth*, Avon Books, New York, 1982
This work offers a thoughtful discussion on the meaning of extinction.