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978-0-521-15246-4 - Civilizing the Economy: A New Economics of Provision

Marvin T. Brown

Excerpt

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I Introduction: creating a just and sustainable economy

Would you vote for a just and sustainable economy? If a just economy provided for everyone's basic needs and a sustainable economy provided for this generation without compromising the capacity of future generations to provide for their needs, would you vote for that? I think most of us would. So why is our economy so far away from what we desire and, in some cases, moving in a contrary direction? It is because of a mistake – one that will continue to frustrate our efforts to create a just and sustainable economy until we correct it.

Many of us are aware of the mistake, at least on some level. In 1998, Ray Anderson, the CEO of Interface Inc., told an audience that the first industrial revolution was a mistake, in spite of all the good that had come from it.¹ The mistake was that our focus on economic growth had blinded us to the destruction of the natural environment. Instead of “captains of industry,” Anderson argued, future generations would see corporate leaders as “plunderers of the earth.” People in the early days of the environmental movement or more recent advocates of sustainability have made similar arguments. We are on the brink of bringing chaos to the planet like it has seldom seen before. Al Gore, among others, has worked tirelessly to get us to recognize this “inconvenient truth.”²

What is the mistake? In a nutshell, it is to base our economy on property and property relations. In fact, it was the cause of our blindness to the planet's life. Even before the beginning of the industrial revolution, economics had been framed as the production and trading of properties among property owners. This meant that whatever could

¹ Ray C. Anderson, “A Spear in the Chest,” lecture at North Carolina State University, February 26, 1998, No. 1.

² *An Inconvenient Truth: A Global Warning*, Paramount Classics and Participant Productions, 2006.

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not be treated as property was not recognized as having economic value. The dignity of persons, the attachments of families and communities, as well as the planet as a living system were and are invisible to this economics of property. If we are to protect these living systems from destruction, we must create a new economic framework. The aim of this book is to outline a plan for correcting this mistake. Central to the plan is to create a new story of how we provide for one another: a civic economics of provision.

The current economic story has its origin in the eighteenth century during the Scottish Enlightenment, at the beginning of the first global Atlantic trade between Europe, Africa, and the American colonies. During this period new theories of property and property relations were developed to explain and to justify the Atlantic economy, which involved the enslavement of more than eleven million Africans to supply the labor for the growing economies of the Americas. Slaves, at the time, were treated as property. They received no more sympathy and consideration than cattle or horses. This is a hard truth, but it is the dark stain that continues to influence how many of us think about economics today. The refusal to integrate this history into our views of Anglo-American economic development prevents us from telling the truth about the current destruction of the environment or to acknowledge – really acknowledge – the misery of workers today who provide us our goods. But facing this history is the only way out of the economics of property and into an economics of provision that could save the future for our children and grandchildren.

The economics of property, as it has come down to us over the past three centuries, disconnects the burden borne by the real providers of wealth – Adam Smith’s silence about the role of slaves in creating wealth is a perfect illustration – and leaves society with a belief in the benevolence of the market’s “invisible hand.” (The Appendix contains a more detailed examination of the economics of slavery and free enterprise.) In the following chapters, we will contrast this dissociative economics to the idea of a civic economics of provision. The framework of an economics of provision integrates the three

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basic practices of any human community: providing for one another, protecting one another, and creating meaning together.

This view of economics has both classical and modern adherents. In Aristotle, we see the origins of the idea that the economy belongs to the civic sphere. More recently, Julie A. Nelson writes in her book *Economics for Humans* that the purpose of the economy “is about the provisioning of goods and services to meet our material needs ... the way we manage our time and money so we can obtain groceries and shelter and thus ‘keep body and soul together.’”³ Daniel W. Bromley, in his philosophical work on subjective pragmatism, also writes that economics should be about “how societies organize themselves for their provisioning.”⁴ Although neither author uses the notion of provisioning as a major theme, they open the door to such an approach. The real economy, it seems to me, should be evaluated and improved in terms of whether or not people actually are able to make provisions for their families and communities.

Some economists may feel that I am trespassing on their territory, but I am really trying to change our understanding of the territory. The language of trespassing, after all, belongs to an economics of property, which I hope to replace with an economics of provision. Furthermore, we should remember that Adam Smith was a moral philosopher, not an economist. How we envision the economy, in other words, is not so much an economic question as a philosophical question, and, more specifically, an ethical question. Ethics, after all, is about how we should live together. The answer we give to this ethical question will finally determine our understanding of economics.

This book provides a new framework for the global economy that is based on the original meaning of economics – household management. Household management was about making provisions, not accumulating

³ Julie A. Nelson, *Economics for Humans* (Chicago, IL: The University of Chicago Press, 2006), p. 1.

⁴ Daniel W. Bromley, *Sufficient Reason: Volitional Pragmatism and the Meaning of Economic Institutions* (Princeton, NJ and Oxford: Princeton University Press, 2006), p. 180.

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We don't need commodities; we need provisions.
 We don't need a large retirement account; we need security.
 We don't need an automobile; we need access.
 We don't need to own a house; we need privacy and security.
 We don't need a big expense account; we need contacts.

FIGURE 1.1 What do we really need?

property. Some groups and organizations are already thinking this way. The commercial carpet company Interface Inc., for example, thinks in terms of providing a service that covers floors rather than being a business that sells carpets as a product.⁵ Interface found that commercial clients do not want to own a carpet, but they do want their floor to be covered nicely. By providing what buildings need, Interface has been able to make its business much more sustainable than it was before. They manage the whole process of making, maintaining, and recycling the floor coverings they offer. Figure 1.1 gives more examples of how a switch from an economics of property to an economics of provision would change our way of thinking – from thinking about products and commodities to thinking about provisions and services.

In our modern economy, of course, making provisions occurs through various systems, such as the transportation system or the health-care system. These systems can be seen as “systems of provision” that could be organized to make provisions for all. How they are organized, of course, is a major question. Many people see only two organizing options: capitalism or socialism. This book offers a third option: a civic option. As citizens, guided by such civic norms as reciprocity, we can engage in civic conversations to turn economic systems toward sustainability and justice. If we are smart citizens, we will not discard things that can work, such as markets and property rights, but we will also not allow them to control our fate.

In a sense, moving from an economics of property to an economics of provision continues the ongoing shift from ownership as the basis

⁵ www.interfaceglobal.com/Sustainability/Our-Journey/Interface-Model.aspx

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for citizenship to citizenship being the basis for ownership. In the eighteenth century, ownership was really the basis of full citizenship and the right to vote was contingent on property rights. In some states, citizens without property did not get the right to vote until 1850. Women did not achieve full citizenship until the twentieth century. The economy, however, has continued to remain under the control of property owners. It is time – in fact, is it past time – to replace property rights with civic rights as the basis for our life together.

The new framework outlined in the following chapters does not eliminate property rights. Instead, it places them in the context of making provisions. An economics of provision does not eliminate the market, but it sees civic relations rather than market relations as a basis for a global community. Non-market norms and institutions – things such as stability, trust, and the rule of law – already provide a foundation for market transactions. Labor unions, government legislation to protect workers and the environment, and financial regulations have also constrained the reach of an economics of property. Nonprofits and voluntary organizations are doing amazing things to help people's lives. In his recent book *Blessed Unrest*, Paul Hawken presents the work of many of these groups, which he called "the largest movement in the world." This movement, he believes, now includes between one and two million organizations.⁶ These non-governmental organizations are growing all over the world as people of all ages try to protect themselves and the planet from the current trends of an economics of property. In an economics of provision, all these non-market programs and protections will be strengthened so that all persons will be treated as citizens existing in relationships of basic moral equality and reciprocity.

An economics of provision is not so much a new economy as a new framework that gives us a perspective from which we can see what really happens in economic transactions. It is also a framework that is informed by and supports such current ideas about economic

⁶ Paul Hawken, *Blessed Unrest: How the Largest Movement in the World Came into Being, and Why No One Saw It Coming* (New York: Viking, 2007), p. 2.

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development as Amartya Sen's notion of measuring human development in terms of the capacity of people to get what they have reason to value.⁷ To understand more of what an economics of provision actually offers, we may examine how an economics of property and an economics of provision would answer the following questions:

1. How are the ethical and the economic related?
2. What is the economy's purpose?
3. What is the basis of economic relations?
4. What is the relationship of commerce, society, and the civic?
5. Who organizes the economy?
6. How do you calculate value?
7. What is a corporation?
8. How can we change the economic system?
9. Who has the power to change the economy?

Table 1.1 summarizes the differences outlined in this chapter between an economics of property and an economics of provision. To understand an economics of property today, we need to make the distinction between its theory and its practice. In many cases, the practice makes more sense than the theory, which is why things are not worse off than they are. On the other hand, the theory has also prevented changes in practice that could have moved us toward a just and sustainable economy. In Table 1.1, the first two columns show some of the differences between theory and reality in an economics of property. The third and fourth columns pertain to the economics of provision, detailing its theory and how it could be implemented. Brief explanations of the nine key differences between the two frameworks follow.

I. THE ETHICAL AND THE ECONOMIC

In an economics of property, the invisible hand of the market maintains relationships, so the moral dimension of economic relationships is suspended. The only ethics is that of the virtues of the private

⁷ Amartya Sen, *Development as Freedom* (New York: Alfred A. Knopf, 1999), p. 74.

Table 1.1 *Economics of property and economics of provision*

	The economics of property		The economics of provision	
	The stated theory	The reality	The theory	Its implementation
1. How are the ethical and the economic related?	The economic is self-regulating and self-contained. Does not need ethics.	The belief in self-organizing systems suspends the moral dimension of economic systems.	Recognizes the moral dimensions of human relationships in systems of provisions.	Ethics of purpose examines the good that any system is dimming for. Ethics of protecting examines a system's fairness. An ethics of provision examines a system's inclusion and improvement.
2. What is the economy's purpose?	Increase personal and national wealth.	Ensure the protection of the privilege of property.	Make provisions, protect providers, and create a worthwhile purpose.	Protect providers from exploitation and degradation.
3. What is the basis of economic relations?	Impersonal relationships of property (labor, land, and money).	Owners of property are privileged as traders of labor, land, and money.	Civic sphere is recognized as the basis for economic relations. Land, labor, and money treated as provisions.	Citizens exchange provisions of land, labor, and money based on civic norms of reciprocity and moral equality, plus responses to supply and demand.

Table 1.1 (cont.)

	The economics of property		The economics of provision	
	The stated theory	The reality	The theory	Its implementation
4. What is the relationship of commerce, society, and the civic?	The social is privatized, and the commercial defines the civic.	The commercial causes and maintains social inequalities, and dominates the civic.	The civic serves as the platform on which citizens re-organize the commercial to alleviate social divisions.	All persons are recognized as having the human right of moral equality and the civic right to live in relationships of reciprocity.
5. Who organizes the economy?	Organized by system dynamics ("invisible hand").	Organized by the elites in business and government.	Organized by citizens through representative civic deliberations on how to live together.	Civic conversations in many different settings use persuasion, incentives, and regulations to organize the economy.
6. How do you calculate value?	Determined by price in market transactions.	Determined by both price and structures of privilege.	Determined by a combination of reciprocity and market price.	Laws such as a "living wage" set floor for wages, while demand determines supply of goods and services.

7. What is a corporation?	The corporation belongs to owners, and should be managed for profit.	Corporations are seen as powerful agents in control of earth's future.	The corporation is also a human community designed to provide goods and services.	Corporations collaborate with other agents in civic systems of provision to make provisions for all.
8. How can we change the economic system?	Change individual preferences.	Random change occurs with new technology, profit-making adventures, advertising, and government regulation.	Three ways to change systems: <ul style="list-style-type: none"> ● Laws and regulations ● Incentives ● Persuasion. 	The public and private agents in a system of provision collaborate to change the system through government regulations, incentives and disincentives, and a shared vision of their civic obligations.
9. Who has the power to change the economy?	Changing the economic system is not necessary. Power resides in consumer choices.	Corporate change is limited by the "business case," which requires that any change will not limit the profitability of corporations.	Citizens have the power through collaboration in private and public agencies to define the civic obligations of all members of various systems of provision.	In different settings, citizens need to create the circumstances for civic deliberation about the best courses of action.

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individual. In light of the civic ethics of Aristotle, which we will be using throughout the book, this amounts to a privatization of ethics. By contrast, an economics of provision recognizes the ethical dimension of relationships among providers and the provided, which includes considering the good that any economic system should provide, the protection from harm that providers deserve, and the justice of any distribution of provisions.

2. THE ECONOMY'S PURPOSE

In a property-based economy, purpose resides in individuals who are motivated by self-interest to increase their property through trade. The economy itself as a system is largely invisible (Smith's invisible hand) and its "purpose" is to facilitate the accumulation of personal and national wealth through trade. An economics of provision returns to the original meaning of economics – household management – and restores the purpose of the economy to that of making provisions for families and communities.

3. THE BASIS OF ECONOMIC RELATIONS

A property-based economy treats labor, land, and money as commodities, and recognizes only property owners as decision-making participants. The problem here is that the sources of wealth are not really commodities. Land is part of a living, natural system that provides us life. Labor is the work of women and men providing for themselves and each other. Money provides credit to the creditworthy so they can improve their conditions. An economics of provision not only reveals the true character of these providers of wealth, but also highlights the implicit civic sphere that has been made invisible by Smithian economics. It is global citizenship not property ownership that serves as the basis for economic transactions. All groups that have a stake in economic transactions should be represented in the decision-making process of how to manage the economy. This means that the economy is for all stakeholders, not just for property owners.