



Foundations of Economic Theory: Markets, Money, Social Power and Human Welfare

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Abstract

The future science of Economics must be human-centered, value-based, inclusive, global in scope and evolutionary in perspective. It needs to be fundamentally interdisciplinary to reflect the increasingly complex sectoral interconnections that characterize modern society. It must also be founded on transdisciplinary principles of social existence and human development that constitute the theoretical foundation for all the human sciences. This paper examines three fundamental aspects of modern economy to illustrate the types of issues and perspectives relevant to a reformulation of Economics framed within a broader political, social, cultural, psychological and ecological context. It examines the social forces responsible for the present functioning of economies, which can be effectively addressed and controlled only when they are made conscious and explicit. Whatever the powers that have shaped its development in the past, the rightful aim of economic science is a system of knowledge that promotes the welfare and well-being of all humanity.

Markets and money are instruments for the conversion of social potential into social power. They harness the power of organization to transform human energies into the capacity for social accomplishment. The distribution of rights and privileges in society determines how these social institutions function and who benefits. Freedom means access to social power and is only possible in the measure all forms of that power—political, economic and social—are equitably distributed. The current system is inherently biased in favor of privileged elites reinforcing domination by the more powerful. The emergence of the individual is the vanguard of social evolution and the widest manifestation of creative individuality is its pinnacle. This emergence can only be fully achieved in conditions of freedom and equality. Economic theory needs to make explicit the underlying forces determining the distribution of power and its benefits, so that conscious policy choices can be made to reorient markets and money to serve their intended purpose promoting human welfare and well-being.

1. Introduction

Less than a decade after the most severe global economic crisis in a century, the world economy is once again veering toward the edge. Economists, central bankers, corporate leaders and politicians are scrambling to understand and respond to the threat. But as in 2008, debate focuses on how to tinker and patch up holes in the existing system. Few are willing to recognize the deeper implications. Centrally planned economies were discredited a quarter century ago, leading to a resurgence of neoliberal theory and public policy that

dismantled social welfare systems, disempowered labor unions, liberated the wealthy from the burden of taxation, and enabled multinational corporations to stalk the earth unhindered by competition and rule of law. Prevailing economic philosophy is a reversion to obsolete concepts and policies.

The call for New Economic Theory arises from many sources and resonates with many different concerns. The present crisis has exposed the inherent fault-lines and structural deficiencies of the existing economic model. Meanwhile most economists remain preoccupied with theorizing about what went wrong within the confines of the existing theoretical framework rather than re-examining the fundamental premises on which it exists and looking beyond for a more viable alternative. Ten years ago such a call would have met with derision from leaders, economists and the public-at-large. Today there is a growing sense of unease, inklings of Hamlet's deeper perception that all is not well within the state of Denmark. A shift in focus is needed from efforts to reinforce an inherently flawed and failing system to conceptualizing a better one. That necessitates a reexamination of the social and political foundations of modern economic systems to fathom the underlying forces that have shaped their development and are now driving evolution to something else.

The quest for new theory needs to lay bare both the explicit assumptions and implicit premises on which current theory resides. It needs to reject the notion of immutable economic laws in favor of the concept that economic systems are human constructions framed under the pressure of prevailing circumstances and forces in the past and, therefore, capable of continuous evolution and radical improvement. Formulation of new theory should commence with a thorough reexamination of economy from first principles. In an age of rapid globalization, accelerated social evolution and unprecedented integration, it is necessary to reexamine the narrow spatial, temporal and conceptual boundaries that circumscribe current economic concepts, models, institutions and policies. The future science of Economics must necessarily be global rather than national in scope and evolutionary rather than static in perspective. It needs to be fundamentally interdisciplinary in order to fully embrace the increasingly complex sectoral interconnections that characterize modern society. It must also delve beneath the surface of economic activities and institutions to identify the transdisciplinary principles of social existence and development which constitute the theoretical foundation for all the human sciences.

This paper examines three fundamental aspects of modern economy to illustrate the types of issues and perspectives relevant to a reformulation of Economics. It seeks to frame the functioning of economy within a broader political, social, cultural, psychological and ecological context. It seeks to unveil underlying social forces responsible for the present functioning of economies, which can be effectively addressed and controlled only when they are made conscious and explicit. The notion that economies work the way they do because of intractable social forces may be deemed expedient by practitioners, but it cannot serve as the basis for valid scientific theory. Economy and Economics are both human inventions. Whatever the forces that have shaped their development in the past, the only legitimate objective of economic science is a system of knowledge that promotes the welfare and well-being of all humanity.

The central argument of this paper is that markets and money are remarkable inventions designed to organize human relationships into power for social accomplishment. They are instruments for the conversion of social potential into social power. They harness the power of organization to transform human energies into social capacity. The distribution of rights and privileges in society determines how these social institutions function and who benefits. Freedom means access to social power and is only possible in the measure all forms of that power—political, economic and social—are equitably distributed. The current system is inherently biased in favor of privileged elites reinforcing domination by the more powerful. Fullest development of individual and social welfare can only be achieved in conditions of freedom and equality. Economic theory needs to make explicit the underlying forces determining the distribution of power and its benefits, so that conscious policy choices can be made to reorient markets and money to serve their intended purpose promoting human welfare and well-being.

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We start with the premise that the purpose of any economic system is to maximize the economic security, welfare and well-being of its citizens. In comparison with the past, the current system has had remarkable success providing unprecedented levels of prosperity to an expanding global population. Any critique of the current system must commence with a deep appreciation of its achievements.

2. The Market

Modern market economies are a subset and component of a much larger set of social institutions on which economy is founded and depends for its accomplishments. The birth of the primordial market was a simple device designed to bring buyers and sellers together at a specific place and time to exchange goods. The traditional village fair gradually coalesced into centralized urban market centers linking different regions of the countryside with one another and through sea and land routes to more distant places. The rise of the annual cycle of Champagne Fairs during the Middle Ages marked an early stage in the emergence of All-European markets based on the same principle.

The wealth of modern economies is founded on the ever-expanding organization of human relationships. The market is a simple but extremely powerful example of social organization that acts as a catalyst for production by stimulating exchange. Before markets, farmers had little incentive to produce anything more than they required for personal consumption and local exchange. Markets broaden and elevate the power of economies by shifting the center from production to exchange.

The creation of markets transformed subsistence agriculture into commercial agriculture by providing farmers with an incentive to maximize production and exchange it for an increasing diversity of essential and exotic goods. Eugen Weber documents how grape

farmers in an isolated corner of rural France without access to regional markets used to feed their excess grape production to the pigs, since there was only so much fruit and wine they could consume locally. Within a year after bridges and roads were constructed connecting the village with wider markets, they were exporting wine to the Middle East.¹ Adam Smith recounts the time before improvements in transportation supported the development of national markets in Scotland. Feudal barons controlling large extents of land had little incentive to increase production beyond the level needed to feed their families and large contingents of armed retainers, since surplus production beyond this level had little value. Once connected to urban markets, large landholders drastically reduced the number of their dependents—in one case from several thousand to just 50—in order to convert surpluses into a wide range of luxury goods.²

All social accomplishment is the result of the process of generating, releasing, directing and channeling human energies by organizing and coordinating the interactions and relationships between individuals, activities, and institutions. The immense capacity of market economies for production and innovation arises out of the freedom of choice and action they accord for individual initiative and innovation and for organized and finely coordinated collective action. Freedom liberates productive human energies. Market opportunities direct those energies for productive purposes. The evolution of intricate networks of markets at the local, regional, national and international levels channels those energies effectively to maximize the production and exchange of goods and services. The spatial expansion of markets enhances the range and variety of goods available and enables buyers to source products from producers with the greatest comparative advantage.

From earliest times, economy and politics have been inextricably intertwined. Freedom of production and exchange meant little without ensuring ownership and security of property, enforcing contracts, arbitrating disputes, and protection against arbitrary seizure. The most productive market economies developed in places where the rights of the individual, rule of law and protection for property were most respected. Thus, democracies and market economies evolved hand-in-hand and were mutually reinforcing. So too, markets thrived in communities with the best infrastructure for transportation and communication, as well as the most skilled, literate and well-educated people.

At a time when the power of monarchs and emperors far exceeded the capacities of any commercial enterprise, Smith opposed the mercantile policies of European governments which promoted the interests of the crown and a small community of prominent traders at the expense of the general public. He never imagined the emergence of huge multinational corporations whose economic and political power would exceed the wealth and influence of many nations and even have the capacity to undermine the ecosystem of the planet. The rise of huge trading corporations during the 18th century and private transcontinental railways and massive industrial enterprises during the 19th century shifted the balance of power and the source of threat to free markets from governments to producers, traders and transporters. The multiplication of social power generated by the Industrial Revolution generated unprecedented economic capacity while posing new threats to human freedom and creativity.

The development of market economies during the 20th century is inseparable from the development of political systems to govern the actions of enterprises, educational systems to provide the skilled manpower required, scientific research institutions to support rapid technological innovation in products and production, continuous advances in transportation and communication, combined with a dense fabric of laws and judicial mechanisms to define and protect rights and responsibilities, preserve competition, ensure fair treatment of workers and consumers, protect and support communities, and safeguard the environmental rights of present and future generations.

The enormous productive power of modern economies is a subset and an inseparable element of the growing power of an increasingly sophisticated and complex global social organization encompassing virtually all aspects of human existence. Modern economies have evolved in conjunction with stable national governments, democratic systems of governance, peaceful international relationships supported by rapid development of international law and an expanding network of international institutions, transparent judiciary systems, banking and market regulatory institutions, independent media, systems of education and research, social welfare systems, consumer and environmental protection agencies, and a plethora of other organizations.

The central importance of this underlying social fabric is dramatically illustrated by recent attempts to rapidly introduce market economies in countries that lack the capacity for democratic governance, rule of law, and social justice. The history of Ukraine and other countries of the former Soviet Union over the past 25 years presents startling evidence of how totally dependent development of an equitable market economy is on the prior and proportionate development of all the other institutions of modern social organization.³

3. Myths of the Market

However remarkable and unprecedented its achievements, by comparison with any conception of optimality, the present market economic system fails to impress. Judged in terms of its contribution to maximizing the security, welfare and well-being of all citizens, it dismally fails to effectively harness the superabundance of available productive capacity to meet the ever expanding needs and aspirations of the world's population. It fails to effectively develop and fully engage the precious and perishable human capital which represents the foundation, peak and core of humanity's advancing civilization and culture. Today approximately 200 million workers are unemployed and an estimated billion or more are underemployed. The labor force participation rate is falling while youth unemployment is rising. The present system fails to ensure an equitable distribution of the extraordinary benefits of modern economic processes to all human beings. Levels of economic inequality have risen to their highest in nearly a century. Meanwhile the basic needs and aspirations of billions of people remain unmet and levels of poverty are rising in some regions. The system fails to provide the level playing field which is the *sine qua non* for a true market economy. Multinational corporations enjoy unprecedented freedom from national accountability in a wild west of globalization. Mergers and acquisitions are restricting competition on a global scale. The present system also fails to effectively utilize financial capital for the welfare

of society. Today, the supply of money is superabundant but only a small portion of it is utilized for productive investment. Out of approximately \$250 trillion in global financial assets, probably less than 20 percent is actively engaged to support the real economy.

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However impressive today’s achievements by historical standards may be, they fail to impress when compared with the magnitude of unmet needs and underutilized capacities. All these failings are symptoms of an economic system increasingly divorced from human needs and the welfare of society. Financial markets which are intended to serve and support development of the real economy have become autonomous and increasingly divorced from it. The unbridled application of new technologies has created a rapidly widening gap between production and employment at a time when welfare systems have been cut back and individuals possess no alternative means of meeting their consumption needs. Economic activity is increasingly threatening the security of individuals, the stability of society and the sustainability of the planetary environment.

Perhaps the most compelling argument given in support of the existing market economic system is that it is better than the known alternatives. There was a time when it could well be said that monarchy was better than the alternative of a politically divided system of independent feudal barons or when the introduction of coinage represented a considerable advance over barter. That has been true of thousands of social advances in the past, each of which in turn has been eventually superseded by something better.

The deep appeal of the market economic system stems from its association with universal human values. The market is a compelling symbol of freedom, self-reliance, individuality, innovation, and creativity. By eliminating the intervention of self-enriching, tyrannical monarchs, it presents itself as the democratization of economy. Basing itself on universal principles, it purports to be guided by the social equivalent of the universal laws of nature discovered by science that govern the natural world.

The intellectual appeal of neo-classical economic theory is a mirage founded on prevailing myth and profound misconceptions which prevent intelligent debate. The market economy is not a phenomenon of nature but a creation of humanity. It is not founded on immutable universal laws, but rather on principles and rules formulated by human beings to serve specific interests, which continuously shift over time. The market economy is not a construction of God or Nature. It is a social construction of reality and our understanding of it is powerfully influenced by socially constructed ways of thinking. In quest of a natural science of economy,

the Newtonian equivalent of the laws of motion, Economics is based on the conception of a mechanized, clockwork system miraculously independent of the consciousness of the human beings by whom it has been fashioned, who formulate the rules by which it is governed, and who make the countless decisions by which it functions. We attribute almost mystical powers to the market to rationally maximize efficiency and human welfare with impartial equity and justice for all. But these powers are largely mythical. The notion of markets as impartial, unbiased, independent playing fields is a fabricated illusion.

Markets as they function today are not rational, fair, equitable or efficient, and they certainly do not maximize human welfare. The notion of fairness and equity is undermined by patent and copyright laws, which according to *The Economist*, accord rights far beyond what has been proven to be socially beneficial.⁴ It is distorted by uncompetitive monopolistic practices, excessive consolidation of industries by M&As, and tax policies that favor capital investments or employment of people and the wealthy over other income groups. It is subject to powerful influence by the lobbying of vested interests, the temptations and allurements of corrupt politicians, and biased procurement practices. It is biased by the rent-seeking of a plethora of privileged communities, including licensed professionals, which permeates the entire policy environment governing the operations of the market. For instance, an artificial constraint on the number of medical school seats in the U.S., which has remained flat from 1980 to 2006 despite a 37% increase in the population, allows doctors to extort higher prices from middle class Americans.⁵ *The Washington Post* recently drew attention to the obscure example of dentists in the USA who have exercised their influence to maintain monopolistic prices more than twice the market level on non-medical practices such as tooth whitening.⁶

The efficiency of markets is largely a question of one's definition and book-keeping. Markets do indeed encourage efficient means of production when narrowly defined at the level of the firm. At the same time they foster socially wasteful competitive activity and generate huge social costs, which are treated as externalities. The bias for capital and energy-intensive technologies over labor is not a law of nature, but rather a consequence of policies that incentivize capital investment, tax labor, price energy far below its true replacement cost, and ignore the true social costs of pollution. While the firm may maximize efficiency by replacing labor with machinery, society as a whole incurs enormous financial and social costs resulting from rising levels of unemployment and underemployment, poverty, crime, physical and mental illness, social alienation and violence. A study by Randall Wray in the USA estimated that the social costs of rising levels of unemployment equal or exceed the direct cost of employing people.⁷

As economist and former investment banker Tomas Björkman points out in his forthcoming book *Market Myths*, our adherence to orthodoxy prevents us from seeing the glaring gaps between the myth of the market and the highly unrealistic assumptions on which the neo-classical economic model is constructed, on these theoretical models and the actual way in which markets work, and on the way markets work now and alternatives that could be created while remaining within the framework of market economies.⁸ Economists are so preoccupied with understanding the minuscule characteristics and idiosyncrasies of the

present system that little thought is directed toward questioning the basic premises on which it is based or on exploring more attractive alternatives.

Economics is still governed by a mythical concept of market equilibrium. If markets tend toward equilibrium, why is economic inequality rising to historically high levels? Why have multinational corporations consolidated domination of one global market after the other? Why has oil soared to \$150 a barrel and then fallen to \$30 a barrel within a short period of time? Why do financial and property markets swing so widely from one extreme to another? Why do central banks have to suppress irrational exuberance and then try to stimulate higher investment and consumption? Why is unemployment rising inexorably in spite of the dismantling of protective labor legislation in many countries? The Newtonian conception of a world in equilibrium was rejected by physicists a century ago. Today it is universally accepted that we live in an evolving and rapidly expanding universe. The conception of eternally static forms of life was replaced by Darwin's conception of biological evolution in the 19th century. The startling speed of scientific and technological evolution is too blatantly apparent to require illustration. Yet economic theory clings to a concept of static equilibrium by externalizing the powerful forces compelling the rapid evolution of the entire global political, economic and social system.

It is understandable that the wealthy, the corporate sector, politicians dependent on them and central bankers obeying narrow constitutional mandates should cling to the present dogma and endeavor to hold it above scrutiny or reproach. But that does not explain why the vast majority of economists engage themselves in analysis and tinkering rather than in-depth questioning of the underlying premises and efforts to conceptualize a better alternative.

4. Evolution of Human-centered Economics

Society evolves by a progressive organization of human activities to an increasing extent in space and time, with increasing coordination between its myriad activities and increasing integration between the multiple layers of the social fabric. The market is an extraordinary product of human ingenuity, a social organization capable of managing inconceivable and ever increasing levels of interconnectedness and complexity with ever greater velocity and precision. Yet it is only a form of social technology. Like democracy and other forms of social technology, *its value depends on the central purpose for which it is applied, the values by which it is guided and the principles on which it is founded.*

The failings of mainstream economic theory recounted above are really minor in comparison with its most fundamental flaw—deviation from its central purpose. Social institutions are created to serve society. That is their rightful claim to legitimacy. Yet they have a nearly irresistible tendency to diverge from that intended purpose over time, as the church, the state, the military and other institutions have so often done. Like other institutions, the market has veered from the intended purpose which Smith extolled and has been diverted to serve powerful vested interests. That purpose can and must be restored. It may be argued by some that markets have always functioned in this manner subject to the same distortion, just as governments have always served the interests of an élite, regardless of their proclaimed

ideals. This is indeed the case, but does not weaken the justification for rectification. Just because every democracy has failed in its pursuit of liberty, equality and justice for all, that does not justify the *status quo*. Rather it calls for evolutionary or revolutionary action to realize the original ideal.

What is needed now is nothing less than a Copernican Revolution in Economics to liberate our minds from the myths, illusions and misconceptions on which current theory is founded. But this should be a revolution in reverse. Copernicus challenged the anthropocentric, geocentric conception of the physical universe that grossly distorted and exaggerated the place of earth and humanity in the universal scheme of things. Instead, he projected a heliocentric perspective that placed earth as a mere satellite of the sun, a tiny dot in an infinite universe. Humanity was dethroned from its place at the center. It was a humbling experience for God's chosen. In contrast, the prevailing economic model perversely positions the market, money and technology at the center and places the interests of humanity at the periphery. Its goal is to maximize economic activity, not human security, welfare or well-being. It thrives on unlimited consumption and mindless ecological destruction. It maximizes accumulation of wealth among a few, rather than dissemination of economic welfare among all. It worships illusory Gods of the market and attributes unassailable wisdom to blatantly flawed processes. *Reversing the model, we need to reposition human beings at the center of economic theory and conceive of a market system that will maximize the freedom, security, and welfare of all people.*

The choice is not simply between regulated and self-organizing free markets. Self-organizing markets are rarely or never free. The self-organizing character of the Internet does not prevent a few giant firms from controlling an increasing share of all web traffic and revenues. Free markets exist and only exist within the structure provided by democracy, rule of law and regulatory authority. Regulations that enforce rules of law, fair practices, humane standards and prevent monopoly are essential to the operation of a market economy. But that does not mean that direct regulatory intervention by government is required for the smooth functioning of every market. Much can be done by ensuring the laws and rules governing the operation of markets are fair and equitable.

A historical perspective on the origin and development of current laws and practices will make evident that other social forces have continuously intervened to distort the workings of the market in favor of the privileged and powerful. That is why a true science of economy has to be founded on a science of society which comprehends the sources of social power and the means by which the rightful exercise of that power is diverted to serve the interests of a privileged class.

The debate between public and private good is misconceived. *Markets are founded on fundamental principles of human relationship and social organization.* All knowledge, all wealth, all discovery and invention are the product of collaboration between enterprising individuals and the communities in which they function. *There can be no optimal private good for all individuals in this world without simultaneously optimizing the benefit to society as a whole. Every individual achievement is founded on the cumulative achievements of all*

humanity over millennia. Digital computing today owes its astounding accomplishments to invention of the zero, Hindu numerals and decimal place by Indian mathematicians more than 1600 years ago and their transmission by Persian scholars some four centuries later. Nothing can be thought, expressed, invented or produced without drawing on that universal reservoir of social wealth. So too, there can be no social advancement, discovery, innovation or creativity without the aspiration, inspiration and invention of creative individuals.

Markets have evolved from rudimentary origins in the distant past. In addition to growing in scale, diversity and complexity, they have also become more equitable and humane over time. There is no reason to think that the present system is the most just and perfectly attainable. Rather there is every reason to believe it is a partial and highly imperfect form of a social system with immense potential for further evolutionary advancement. The increasing concentration of wealth today and divergence of money from the real economy impose severe constraints on the further development of economic prosperity worldwide. Democracy has proven a far more powerful and stable form of government than any monarchy because it enables every citizen to enjoy political rights and freedoms. So too, market economies can only fully realize their potential for wealth generation when they create opportunities for all citizens to productively contribute and enjoy the benefits of society's labors.

Social systems evolve along multiple dimensions. The quantitative capacity, geographic reach and speed of operation of every system are a function of organization and technology. The qualitative values they manifest are a function of conscious awareness, choice and political will. A human-centered science of Economy needs to reexamine the purpose, values and principles on which the market economy functions to optimize its capacity to meet human needs, promote human welfare and foster human evolution.

5. Money

What is true of markets is equally true of money. Conventional economic theory describes the function of money as a means of exchange, unit of account and store of value. But this oft repeated formula fails to describe the reality of money or to adequately explain its remarkable powers as a catalyst for economic, social and human development. A fuller understanding of the reality of money reveals the enormous scope for more effectively harnessing its creative powers to promote economic and social welfare. Its most fundamental contribution is to human psychological development, which is the ultimate aim of civilization.

5.1. Money as Organization

The power of money arises from the fact that it is a social organization in the same way language, market and the Internet are social organizations. Language is an organized system of letters, words and sounds. The words we use have no intrinsic value other than the value we assign to them by social convention and psychological association. The power of words arises from the fact that they carry a commonly shared meaning. If each person had his or her own language, it would be useless for communication with others. The more widely a language is shared, the more powerful its words as a medium of communication. Social convention rather than intrinsic value makes words powerful.

The same is true of money. Most people regard money as a thing, even though most of the money we utilize today no longer takes the form of a tangible object. Money is not a thing in itself. It is a social convention for harnessing and organizing the power of human relationships which derives its power from the fact that the convention is shared. The development and acceptance of a common convention and standard of acceptability of money have evolved over many centuries. That convention is made possible by the institutions that issue it in standardized forms; the laws that govern its issuance, acceptance as legal tender and the rights of ownership; the procedures and mechanisms for its transference, transport, storage and convertibility; methods of accounting for it, lending and borrowing, etc.

The power of money arises not from any intrinsic value of its own, but from the complex social organization which supports its creation and utilization. The utility, productivity, use value and social power of money derive from this organization and can be multiplied without limit by enhancing the quality and reach of that organization. The wider the population covered and the greater the quality, reliability, trustworthiness and accountability of that organization, the greater the power of money. Thus, we see in times of financial uncertainty and political unrest that the value of money can shrink dramatically and even collapse altogether.

Money is a social organization consisting of an intricate network of tangible social agencies. But the reality of money is confined to its external form, structure and economic function. Money is also an intangible social institution that transcends the finite boundaries of the organizations through which it is created and operates. It is governed by informal social practices and conventions, social values and acquired rights, social influence and power that enhance its utility but are not limited by that utility. The hallmark of great speakers is not confined to their vocabulary, the content of their messages, clarity or strength of voice or correctness of grammar. It arises from a sense of trust, confidence, credibility, sincerity, conviction, courage, strength of personality, logical coherence, idealism, insight, inspiration or other intangible qualities conveyed through the act of speaking. These intangible factors can and usually do exert a far greater influence than the verbal content of the message conveyed. Thus, Churchill, Mahatma Gandhi and Martin Luther King attracted crowds in the hundreds of thousands and stirred entire nations to act on their words.

The same is true of money. The real power of money derives from the subtle fabric of society which is an unlimited reservoir of knowledge, energy and capacity for creativity and wealth-creation. Money is a subtle force. Like knowledge, it multiplies when it is shared, as Google has grown exponentially to become the most valuable company in the world based on a core strategy of free services to the global public. The immense creativity released since the advent of the Internet two decades ago reveals only the tip of the iceberg of the creative social potential which lies unperceived and unutilized. It was an understanding similar to this that prompted US President Franklin Roosevelt to address the American people on radio as soon as he assumed office in 1933. The country was in the midst of an unprecedented nationwide financial panic that had already led to closure of more than 6000 banks. Nothing FDR had learned studying Economics at Harvard prepared him for handling a crisis of this magnitude. None of the conventional policy instruments applied by President Hoover during the previous three years had been effective. Roosevelt understood that the real foundation of the banking

and monetary system was psychological and social. The value of money depends on public trust in the system, the government and the underlying economic system. In his address, he recounted to his audience the great strengths of the American people—their courage, enterprise and ingenuity. He attributed the bank failures to the cancerous spread of fear among the public, which he urged them to reject. He called on his fellow countrymen to act with courage and faith in their nation, by redepositing their hard earned savings in the bank. The following week the panic subsided and the banking system was saved.

*“The New Deal
humanized cap-
italism.”*

Crises arise from opportunities that we are unable to absorb through appropriate social organization, either because the existing system is inadequately developed or because entrenched forces powerfully oppose progress. The Great Depression was not essentially a financial or economic crisis. It resulted from the resistance posed by outmoded institutions and vested interests to a great evolutionary social transition. The New Deal humanized capitalism. It marked a new phase in social evolution, leading to unprecedented growth and prosperity.

5.2. Money as Symbol

Organization is an immense power for social productivity. But the power of money does not issue solely from being a social organization. Money is also a mental symbol and symbols possess an extraordinary power of their own that multiplies the power of organization. A 2015 report rated the value of the Apple brand at \$170 billion and as the most valuable in the world.⁹ The company’s logo of an Apple with a bite taken out of it is a symbol that represents not only the company, its products and financial assets, but all the energy, creativity, innovation, glamor and prestige associated with it. Apple products are a status symbol. A job at Apple qualifies one as a member of an élite group of hi-tech professionals. To sit on the Board or Management Team of Apple opens closed doors around the world. The CEO of Apple can meet any monarch or head of state, even the UN Secretary General or the Pope, just because of his position.

What does money symbolize? At the most basic economic level, money is a symbolic representation of all those things—products, services, technologies, physical and intellectual property, companies, and other forms of capital, etc.—for which it can be exchanged. At a deeper level it symbolizes the economic capacity of the nation that issues and honors it—the natural resources with which it is endowed, the education and skills and enterprise of its people, its physical infrastructure and industrial capacity, etc. Still deeper, it represents the degree of public trust and confidence in the stability of the society and its government, the strength and integrity of its political institutions, its capacity for self-defense and self-preservation, the quality of its educational system, its aptitude for innovation and invention, the value it accords to human life and individuality, its legal protection of property and other rights, and the prevailing cultural values such as those related to freedom, integrity and hard work. The American dollar is accepted today as a *de facto* world currency because it is regarded as a symbol not only for the enormous wealth, resources and productive capacities

of its economy, but also for the energy, social organization, individualism, creativity and freedom on which American society is based.

Symbols such as the national flag, the President's seal of office, an Academy Award, Nobel Prize, the policeman's badge, a PhD or MD from Harvard or Cambridge carry far more than utilitarian functional power. The world listens to Nobel Prize winners when they speak, even on subjects for which they have no educational or intellectual qualification. Consumers buy perfumes, watches, designer garments, and sports cars because of the actors and sportsmen depicted in advertisements. Symbols exercise an influence far beyond their utilitarian value.

As a symbol, money can be used to represent many other things, including virtually every type of product, service and material or immaterial asset that is available for purchase or sale in the world. Money also represents other social powers, the capacity for transport and communication, access to education and entertainment, influence over politics, legislation and administrative decision-making, legal recourse to enforce or defend one's rights. Possession of money also carries with it an intrinsic power to access and attract more money. The more money a person has, the more likely it is that others will entrust one with more money. Moreover, the mere possession of money imparts social importance, respect, acceptance and influence over other people which is inherently productive. In combination these powers not only make money valuable and productive, they also make it extremely creative. Money has the capacity to create new opportunities and circumstances, to bring together and combine people, resources and organizational capabilities in innovative ways, to promote the discovery of new knowledge and development of new technologies.

None of these symbolic powers of money is adequately described or explained by conventional economic theory. Nor are they effectively harnessed and utilized for public good by the application of conventional economic policy. But, all of them contribute tangibly and immensely to the productivity and catalytic role of money and its capacity for multiplication and self-multiplication. Only when the subtle nature and deeper powers of money are fully taken into account can the creative capacities of this unique social institution be fully leveraged to maximize human welfare and well-being.

5.3. Human Value of Currency

But the real value of money cannot be effectively judged in any of these terms. The true value of any economic or other social system must be weighed in terms of its capacity to promote the security, welfare and well-being of its people. Similarly, markets should be valued in terms of their capacity to stimulate production and promote mutually beneficial exchange between individuals, organizations and nations. So too, the value of money lies in its role as catalyst to facilitate, accelerate and maximize the harnessing of all available social resources for the betterment of humanity. A monetary system that promotes the security and welfare of a few is no better or fairer than a political system that reinforces the power and privilege of an authoritarian party, a military dictator or an aristocratic class.

The real value of money must be judged in terms of how effectively it serves the fundamental purpose for which it and all other economic institutions have been created—to

promote and ensure the welfare and well-being of people. The real value of money cannot be judged in terms of what it can buy. The real value of currency is its human value in service of humanity. By that standard, money, like markets, dismally fails to live up to its social mission. As markets are distorted and biased in favor of the economically and politically powerful, the functioning of money in modern society is subject to a wide range of overt and subtle influences that distort its functioning, impact and influence.

The social power of money to legally and illegally influence public elections, government legislation and administrative policy decisions is universally prevalent to varying degrees. It is utilized to influence government spending and subsidies, tariff barriers, export and import policies, patent and copyright laws, rates of taxation on incomes and payroll, capital gains and wealth tax, defense spending, and environmental protection, to name only a few. It explicitly or implicitly determines the actions of central bankers to favor stability of present wealth over policies to stimulate new wealth, job creation and equitable distribution. It skews public policy in favor of technology and energy-intensive investments rather than human capital-intensive investments. None of these influences are taken into account in a narrow consideration of money as an economic tool. But all of them powerfully influence the ultimate impact of economic policies and activities on human welfare and well-being. A right understanding of money can enable nations plagued by corruption to convert the destructive power of mafia into constructive energies for nation building, on the same principle that inoculations and vaccinations are used in medicine to generate a protective immune response and the repeated assault of viruses and identity theft on the Internet have been used to dramatically elevate the overall level of Internet security.

5.4. Signals

Recognition of the wider role of money in society complicates immensely the attempt to reduce Economics to a set of universally valid laws, policy prescriptions and quantitative equations. But efforts to filter out the real complexity of money represents a striking example of what Herbert Weisberg refers to as ‘willful ignorance.’¹⁰ The character of willful ignorance is to collapse reality into a simplistic, manageable set of assumptions detached from the real world and therefore incapable of effectively managing its complexity and uncertainty. Tomas Björkman came to the same conclusion about the models of the market which only vaguely resemble the real world and are most definitely not the only possible or best system we can conceive of.

There are abundant symptoms today of the distorting and confining influence of prevailing economic concepts that prevent us from perceiving, comprehending, seizing and harnessing the fuller productive powers of the global community to promote human welfare.

1. *Multiplication of Financial Assets:* According to McKinsey, global financial assets have risen 12 fold from a mere \$12 trillion in 1980 to about \$225 trillion in 2012. Real Gross World Product grew only fourfold during the same period.
2. *Financial Instability:* According to the International Monetary Fund, in the four decades between 1970 and 2010, there were no less than 145 banking crises, 208 monetary

crashes, and 72 sovereign debt crises around the world. This adds up to an astounding total of 425 systemic crises—an average of more than 10 countries in crises each and every year!

3. *Global Savings Glut*: Although Ben Bernanke alluded to it in 2005 during his term as Chairman of the US Federal Reserve, other economists have been quick to dismiss the notion that there is a glut of money in the world today. He attributed the steep rise in real estate and other asset prices to global surplus savings that are in excess of investment. The onset of the global financial crisis in 2008 lent greater credence to this assertion. While many other explanations have been offered for this phenomenon, the essential fact is that abundance of wealth generated over the past 35 years is not being optimally utilized to enhance the welfare and well-being of the world's people.
4. *Rising Inequality*: One obvious reason is the increasing inequality in the distribution of wealth and income globally during this period. Increasing concentration of wealth at the top among those whose consumption needs have already been met to saturation has the minimum impact on growth in global demand for investment in productive assets. This is also associated with rising levels of unemployment globally. In demand-short economies, the greater equity achieved through more progressive taxation means more spending and fuller employment of resources.
5. *Unemployment*: Rising levels of unemployment globally is another indication that the money is not being productively employed. Today there are upwards of 200 million people unemployed and more than a billion are underemployed globally. This figure grossly underestimates the real deficit. Alternative measures of labor force participation rates in the USA indicate the rate of underemployment is at least double the unemployment rate.¹¹ According to ILO, the number of working-age individuals who did not participate in the labour market increased by some 26 million to reach over 2 billion in 2015. Vulnerable employment accounts for 1.5 billion people, or over 46 per cent of total employment. In both Southern Asia and sub-Saharan Africa, over 70 per cent of workers are in vulnerable employment. Underemployment reaches as high as 75% in some countries.¹² In a world with rapidly expanding population and a few billion people at or below the poverty line, there is an ever increasing need for basic goods and services and rising number of people eagerly in search of work opportunities to generate the incomes needed to obtain them. The mismatch between surplus money and productive capacity and unmet human needs signals a dysfunctional financial system. Under these circumstances, greater equity achieved through more progressive taxation would result in more spending and fuller employment of both human and financial resources.
6. *Global Casino*: Another reason for the global savings glut is the rapid growth of global casino capitalisms following deregulation of banking in the 1990s. This was supported by the fact that companies with strong profits and cash flow accumulated huge cash hoards, rather than increasing investments for business development.
7. *Divorce of Financial Markets & Real Economy*: Foreign currency exchanges exceeded \$5 trillion per day in 2015, fourfold higher than they were 20 years ago.¹³ It has

been estimated that only 2 or 3 percent of these fund flows is related to real trade or investment; the remainder 97% takes place in the speculative global cyber-casino.¹⁴ The real economy thrives on stable, predictable price levels and stable sources of long and medium term investment. Financial markets have become increasingly divorced from the real economy. An increasing proportion of capital is circling the world in search of speculative returns unconnected with the real economy. Originally established as an effective means to pool the huge amounts of capital needed to support international commerce and industrialization, today computer driven financial markets specialize in leveraging minute differences in prices for fractions of a second. Hedge funds place huge short term bets on exchange rates and asset prices, leading to increasing instability. After deregulation even banks enjoying the support of the central bank joined the bandwagon. As Stiglitz observed recently, “When banks are given the freedom to choose, they choose riskless profit or even financial speculation over lending that would support the broader objective of economic growth.”¹⁵

8. *Rising Forex Reserves:* The steep rise in global foreign exchange reserves is another indication of a system functioning in highly unstable conditions. Total forex reserves were in excess of \$21.7 trillion in 2014 compared to \$2.1 trillion in 2000.* Countries are compelled to hold higher levels of reserves as protection against the increasing instability and uncertainty of the global market economy.
9. *Negative Interest Rates:* Money represents productive capacity and social power. An economic system that cannot productively employ the available money to promote economic security, welfare and well-being for all is inherently inefficient and ineffective. In turn, if money does not serve this essential social purpose, then it loses value. One result is the price it attracts in the market place. Today interest rates are negative in economies which account for 25% of global GDP, including Japan, Switzerland, Sweden, Denmark and the Euro area.¹⁶

5.5. Money Myths

The market myths Björkman highlights are not the only myths in town. The gap between our conception of monetary systems and the way they actually work is as great as that which separates economic models of the market from the real world. The gap between the way they work now and better alternatives is equally wide and comprehensible, once we break the conceptual barrier—Canadian Mathematician William Byers’ ‘blind spots’—that prompts us to cling to distorted images of reality instead of discovering the real thing.

Most of the essential recipes for a more human-centered monetary system are already well known and debated. A tax on short term speculative financial transactions will encourage rather than hamper stable, longer term investments in the real economy. That will help stabilize financial markets which are hypersensitive and unpredictable. A progressive capital gains tax inversely proportionate to the period of investment would have a similar impact. Eliminating the payroll tax and replacing it with a tax on energy will shift the investment

* See World Bank <http://data.worldbank.org/indicator/FI.RES.TOTL.CD>

curve from technology to people, removing the artificial bias caused by accelerated depreciation. Reinstitution of progressive income tax rates will support policies conducive to more equitable distribution. Negative interest rates will be a stimulus to both consumption and investment. And so forth.

“Only when we have the intellectual honesty and courage to squarely confront the truth about money and markets can we hope to change the system.”

A more serious objection to reform of monetary systems is the opposition of vested interests and the power of plutocracy, which present serious barriers to reform. The misuse of social power is indeed a real impediment to policy initiatives as it has been throughout history. But that is no excuse for preserving the illusory notion that the present system is either equitable or the best possible. Only when we have the intellectual honesty and courage to squarely confront the truth about money and markets can we hope to change the system. It is time to lift the veil that conceals the underside of society behind the façade of economic theory. Therefore, the concluding section of this paper turns to address the deeper reality so often ignored during discussions of economic theory and policy—the reality of social power.

6. Social Power

A rational assessment of the present political, economic, social system needs to be founded on an understanding of the underlying reservoir of social potential, how it is converted into effective power, how that power is distributed and how the special interests skew its distribution and usurp that power for private gain. It is thus necessary to develop a vocabulary that distinguishes between the unstructured field of energetic *social potential*, the organized structures and activities wielding *social power*, and the informal mechanisms, both legal and illegal, that result in vast *social inequalities* in the distribution of power and the benefits it generates.

6.1. Social Potential

To truly understand the role of social power, we must look beyond the structures and systems that define the formal organized institutional framework of modern society to the infinite reservoir of creative social energies, knowledge, resources and opportunities which represent the zero-point energy field from which all social constructions and achievements emerge. Because it lacks structure, this intangible field of political, economic, social, cultural and psychological energies is difficult to perceive, define, grasp and manage, therefore it is largely neglected by the social sciences which thrive on definition and measurability. Yet this reservoir of power is the source and driving force for social development and evolution and its power exceeds that of the formed society to the same extent as the foundations of an iceberg hidden below sea level exceed the proverbial tip visible on the ocean’s surface. This unstructured amorphous field of society is an inexhaustible reservoir of social potential.

In practice, we are able to grasp the magnitude of that social potential only after it is organized and assumes the form of a social structure. Before the Sears mail order catalog in the 1890s, no one conceived that a company could become the world's largest retailer without operating a single retail store. A century later Amazon repeated that achievement for book retailing in cyberspace, and e-Bay created the first global store in which every consumer can become a merchant. Until Bank Americard morphed into an international credit card system called Visa International a half century ago, no one imagined that electronic credit card transactions could ever replace currency as the dominant medium of exchange. Today global credit card transactions exceed \$12 trillion annually. Before Über, no one conceived that a global alternative to local taxi services could be created almost overnight by harnessing the vast unorganized reserve of private cars and car drivers with time to spare and the need for extra cash. Before AirBnB, building a global hotel chain required decades and tens of billions of dollars' investment, because no one conceived that vacant rooms in private homes around the world could be woven in a few years into a global network. Imagine a system that can effectively harness a portion of the world's unemployed and underemployed and you begin to grasp the magnitude of the social potential waiting to be organized.

6.2. Social Power

In its widest sense, social power is the capacity of the society to achieve the goals and aspirations of its people. Social power is generated by releasing, directing and harnessing social energies for effective action by creating effective laws, social systems and institutions to organize the diffused energies. Thus, ten thousand years ago migrant tribes of hunter-gatherers evolved into settled communities by adopting a new organizing principle for obtaining food—agriculture. Minute observation of the processes of food production in Nature led them to comprehend the essential role of seeds, water, sunlight, soil and season in food production. They reorganized the entire life of the community to replicate and culture these natural processes. The resulting gains in productivity enabled the world's human population to multiply tenfold.

Social power expresses as the power exercised by individuals. It is the quantum of power an individual can draw from the society as permitted and supported by formal rights, laws, rules and social systems and by informal institutions, customs, usage and values. Each new technology such as the cell phone, each new freedom such as the extension of voting rights, each new law enhancing social security and equality magnifies the power of individuals and of the society as a whole.

Today global society possesses unprecedented and ever expanding power. That power takes innumerable forms: such as the power for transport, communication, production, exchange, security, governance, education, entertainment, research, invention, discovery and creativity. Over the past half century humanity has witnessed an exponential growth of many forms of social power. Democracy, human rights, rule of law, open markets, entrepreneurship, scientific discovery, technological innovation, globalization, higher education, and access to information have been major drivers of this growth. These gains have led to significant progress in enhancing human security, welfare and well-being, but *the progress has not been*

commensurate with the potential, because the distribution of the power generated is skewed and biased to favor small economic and political élite.

6.3. Social Equality

Effective power refers to the actual way in which total social power is exercised so as to determine who benefits by it and in what measure. There have always been vast inequalities in the way social power is distributed among the population. In 1880 the 29 greatest British landowners possessed enormous estates. They all had titles; 12 of them were dukes. Fourteen owned more than 100,000 acres each. The Duke of Sutherland, whose holdings were largely in the Scottish Highlands, had well over a million.¹⁷ In addition, this small group occupied the top positions in government, the military and the church. Until 1918, only substantial land owners were permitted to vote in elections. Even long afterwards tenant farmers throughout the country were under obligation to vote for the candidate of their lessee's choice. The higher education needed for social advancement and to gain entry into the seats of power was largely confined to the upper classes. English women only acquired the right to vote in 1932. Needless to say, rights of their overseas colonists were even more limited.

Historical evidence confirms that the greatest social power is generated and the greatest social welfare achieved when the benefits of social advancement are widely and equitably distributed. Modern democracies are far more politically powerful than the monarchies and feudal societies of the past because they are able to more effectively release, direct and channel the energies of their people through freedom and rule of law. Similarly, market economies achieve greater productivity and wealth creation by empowering a much wider section of the population to freely and productively engage in commercial activities.

By historical comparison, the sheer power and productivity of the current market system far excel all previous economic systems. But when the restraints on distribution of social power are fully taken into account, it becomes evident that the present system is far from optimal. There is a vast gap between the total magnitude of social power and the results it generates in society. Vast inequalities in the distribution of social power impact on total social power in the same manner as vast inequalities in the distribution of income and wealth limit the total wealth and prosperity of society. The greater the equality of distribution, the greater the total power generated and the greater the overall benefit to society as a whole. The total effective power of democracy far exceeds that of earlier forms of governance. So too, the dynamism of the market far exceeds that of centrally planned economies. By the same token, a more equitable distribution of social power would dramatically enhance the overall effective power of society to fulfill the needs and aspirations of its citizens. It is noteworthy that since the collapse of communism, economic theory has remained remarkably silent on this issue, as if the subject were taboo.

The world today has the capacity to provide high quality education to every human being, yet access to education and educational attainments remains far lower and the unequal distribution of wealth is a major reason. The same is true for nutrition, healthcare and other critical needs. Björkman argues that these inadequacies arise from the way in which the

market system is being utilized rather than an inherent insufficiency in the system itself. The same basic system can be restructured to generate very different results.

Today the barriers to social equality are prodigious. They take the form of laws and public policies consciously skewed in favor of vested interests, informal support of government for big business, powerful lobbying groups influencing legislative agendas, the influence of money power in elections and consequently on tax policies favoring the rich, along with more overtly illegal forms of corruption and crime that usurp public power for private benefit. Today more than one hundred countries function under the rubric of democracy, yet they vary enormously in the manner in which they elect officials, protect human rights, empower individual citizens, enforce rule of law, legislate and execute policies, etc. A plutocracy or oligarchy masquerades as democracy in some places

“The greatest strength of democracy is its capacity to foster the development of individuality in its members.”

where huge amounts are spent legally or illegally influencing the outcome of elections. In others a corruption of political power confiscates public wealth for private purpose. Law too preserves an unequal playing field in the form of tax loopholes for the rich, extended patent and copyright privileges, and countless other distorting influences. None of these distortions are essential to the functioning of democracies and market economies, but they have an inordinate impact on the social consequences of the way the systems operate. Yet they are largely ignored and unnoticed.

The distribution of social power has been radically altered over the past few centuries. Monarchy has given rise to democracy, slavery has been abolished, feudalism and serfdom have disappeared, imperialism and colonialism have been supplanted by national self-determination, women and minorities have made great strides toward more equal rights, the blatant aggressive exercise of superior military power—once prevalent throughout the world—has lost legitimacy and is in the final stages of decline.

Historically, all progress has been through violence. Democratic revolution shifted power to the people. Radical shifts in social power have been the result of violent revolutions as in America, France, and Russia and wars of total destruction as the American Civil War, the two world wars and wars of national liberation. It is only during the last seventy years that we have witnessed peaceful social revolutions of enormous magnitude, as in America’s New Deal, India’s Freedom Movement, the American Civil Rights Movement, the end of Apartheid, the fall of the Berlin Wall and collapse of the Soviet Empire. Still the threat of violence loomed as a very real force threatening to burst through if peaceful means proved ineffective. Fear of communism was a powerful motive for the humanization of American capitalism under the New Deal.

Thus, the violence avoided by Gandhi burst forth as communal conflict immediately following India’s Independence. The Occupy Wall Street Movement of a few years ago is only a reminder that the further distribution of social power is an evolutionary compulsion that is inevitable. The collapse of communism resulted in a temporary lull in the pressure for

social equality, enabling reactionary economic thought to regain respectability. But this lull can only be temporary and when the next reaction comes it is likely to be far more powerful and effective when freed of the obvious limitations of authoritarianism that undermined the credibility of communism.

“Economies thrive in the measure they release the energies of their people, channel them in productive activities, and develop the capacities of their members to contribute productively, dynamically and creatively.”

Today powerful vested interests violently support widening economic inequality, which is a legalized violence of the rich and powerful which has to be outlawed to enfranchise all. Historical precedent is no justification or rational basis for the future persistence of social injustice. It is time for economic science to fully acknowledge and impartially examine the underlying fabric of social forces and processes governing the operation of economy today.

7. Human-Centered Economics

What is Economics? As Political Science is conventionally described as the science of governance, Economics has been traditionally conceived in terms of production, exchange and consumption of goods and services. But it is evident that these descriptions are far too narrow and self-limiting to reflect social reality today. Governance today relates to the entire gamut of human needs and aspirations, from securing the nation’s borders and the physical security of citizens and their property to upholding individual rights, promoting social harmony, meeting minimum needs, developing the economy, managing the national currency and budgets, ensuring economic opportunity and security, safeguarding and improving public health, providing quality education, protecting the environment, and countless other activities designed to promote the greater welfare and well-being of all its members.

Democracy is the best means so far developed to accomplish these myriad objectives and it has proven immensely more successful than feudalism, monarchy, military dictatorship and other forms of authoritarianism. At its core, the objective of modern democratic governance is to guarantee basic rights and foster the fullest possible development of the potential of every citizen. Democracies thrive in the measure they are successful in releasing the energy of citizens and providing them with the knowledge, skills, organizational infrastructure and conducive atmosphere needed for their free, full and creative expression. The right to vote and choose a representative government of, for and by the people is a mechanism developed to achieve maximum protection of human rights and equality before the law. But, ultimately, the accomplishments of democracy depend on its capacity to not only protect and permit but also to actively support and foster the fullest possible development of the capacities of each individual.

The great humanistic psychologists of the later 20th century described the self-actualizing individual as a person able to think for oneself, choose for oneself, rely on one's own capacities, and act freely to realize one's highest aspirations, while respecting and supporting the equal rights of others and accepting the responsibility to contribute to the security, welfare, well-being and fullest development of the entire community. This conception of mature individuality contrasts with the much narrower, one-sided individualism embodied in the phrase 'every man for himself.' The greatest strength of democracy is its capacity to foster the development of individuality in its members.

By extension and necessity, the ultimate purpose of Economics must be the same. Although focused on the economic dimension of human activities, economy permeates and exerts a powerful determinative influence on every aspect of social existence. Freedom has little meaning in a country where people lack economic access to food, housing, mobility, information, education and other goods and services. Freedom without job opportunity and an ensured source of income is like dangling a carrot in front of a horse just out of reach. Economies thrive in the measure they release the energies of their people, channel them in productive activities, and develop the capacities of their members to contribute productively, dynamically and creatively. Here too, individuality is the key. It is the very essence of the entrepreneurial spirit that manifests in the capacity to think and act creatively with self-confidence and courage in pursuit of unrealized opportunities.

The individual plays a unique role in the development of society. Individuals are the birthplace of the rising aspirations, creative ideas, inventions, organizational innovations and dynamic initiatives that characterize a vibrant productive society. The individual is the most precious form of capital any society possesses and the source of its highest achievements. A truly human-centered science of Economics dedicated to the fullest promotion of human welfare and well-being reaches maturity when it conceives and supports measures designed to promote the greatest well-being and blossoming of individuality in all.

Individuality is the basis and ultimate source of social power. Social power is a measure of individual empowerment. Confiscation and seclusion of power as in income and wealth inequality and high unemployment disenfranchise and disempower both the individual and the society. A true science of economy must encompass these wider social and psychological dimensions.

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