

A Work-in-Progress toward a Focus Paper on The Whole Economy

by Diana Smith, Catherine Starrs and Gail Stewart.

The Whole Economy Discussions

The following is a work-in-progress toward the focus paper promised in our original paper. We hope it will form the basis for further CACOR comments in addition to such discussions as arise from our circulation of the work in other quarters. We are grateful to the Canadian Association for the Club of Rome for its assistance in furthering consideration of the Whole Economy concept and look forward to ever-widening discussions about what it might mean.

Our hope is that the domain and contours of the economy will not be taken for granted but that discussion of what constitutes the economy will begin and spread. We think it can only be healthy to look at a concept that is so significantly shaping the contemporary world. And we think it may be useful to have a concept -- the whole economy -- from which to draw attention to the unthinking use of the term "the economy." The whole economy obviously embraces the market economy as a component element but its own roots lie deeper, not only deeper in contemporary affairs but deeper as well in human history and hopes. The great challenge today is finding a way of introducing in to everyday transactions a calculus of values that lies beyond those reflected in money prices, and to halt the process of commodification through which we learn the price of everything and the value of less and less. The Whole Economy concept is, we think, a good place to begin to address these issues: *Diana Smith, Catherine Starrs and Gail Stewart.*

The Whole Economy: Some Questions toward a Focus Paper: by Gail Stewart

In the larger sphere of the universe, as we have been reminded, human economies are mere motes: tiny spheres of activity occupying a part of the lives of the members of just one of many species on a small planet. This certainly helps to put things in perspective, and to make our assertion -- that the market economy is just a portion of the larger whole economy -- seem modest in comparison. Nonetheless, the assertion has generated some discussion, both for what we may have left out and what, it is suggested, we may have improperly included. Corrected, perhaps, but unchastened, let us return to the question.

What is the economy? What is its scope? Its content? Is it, as in today's customary usage of the term, confined to monetized transactions? Or is it, as economics texts might have it, co-extensive with the use of scarce re-

sources for the production and consumption of goods and services -- preferably as efficiently as possible? Or is economic activity perhaps defined by its intentionality, consisting of efforts that would not be undertaken except for explicit reward, and hence excluding leisure, voluntary action, unpaid work, and recreational and self-development activities? Is all of what we do, most of what we do, or only some of what we do included in the economy.

More important, does it matter how the economy is defined? Is its extent a matter of significance? Does it matter whether the activities of production and consumption are a focus of special attention in a society, separate from the other activities of the society? Does it make a difference whether these other activities are seen as marginal, sectoral, or foundational to the marketplace? Does it make a difference whether monetization of exchanges and commodification of activity proceeds apace, languishes -- or is deliberately kept to a minimum? Is it worth asking ourselves questions about the difference between "the economy" (as the term is commonly used today), and the whole economy.

Addressing such questions, we would reply that it surely does matter. And as for worth, the question is worth its weight in gold. Indeed, the value of gold is one of the places where the questioning began. The lens through which objects and activities are seen matters a great deal to our valuing of them. Conversely (but not contradictorily) our valuing of them affects how and even whether they are seen. Much of social change consists merely of the coming into view, and an altered valuing, of elements long present. For example, in a society where great emphasis is placed on parsimony in resource use and in the expenditure of human effort, the concept of the economy may be a major determinant of the shape taken by the society as a whole. When resources become somewhat more abundant the society may opt to function more like a family than a factory, integrating its economic activity into the processes of daily life rather than subsuming the processes of daily life into the economy.

Similarly, where external trade is vital because some needed elements of life are not otherwise available, then exports may be understood as the price of imports and therefore kept as low as possible. In contrast, where a society becomes focused on accumulating and holding a single commodity that is deemed to be "precious," such as gold or foreign currency, then exports are more likely

to be obsessively spent, even to the point of social distortion or resource exhaustion, in strenuous efforts to acquire the prized goods. In each case, the scope of the economy within the larger life of the community will be affected. In contemporary Canada, for example, it could be said that "jobs" (paid work efforts) have become the analogue for gold in the above example, thus creating an anomalous situation of paid work being prized over leisure, production over consumption, exports over imports, monetization of human activity over its non-monetization and – or so it sometimes seems – the Canadian economy over the Canadian society.

How is it possible that a society, and increasingly a world, should arrive at so anomalous a situation – a situation where, as some have pointed out, pressure to increase the measured value of the economy is quite possibly, through spill-over effects, eroding its very foundations? How can a way be found to step back from the premises of such a society and see what is happening in larger perspective.

This is where the concept of "the whole economy" enters, and the discussion it is hoped the term will generate. By giving more salient image to a number of features of the current situation, such as the unthinking use of the term "the economy" when what is intended to be signified is merely "the market economy" (or "the monetized economy"), the concept of "the whole economy" draws attention to the larger picture. Introduction of the concept of the whole economy seeks, among its other purposes, to avoid the danger of an inadvertent erosion of the foundations of the market economy itself through their very invisibility. Bringing these foundations forward for attention as essential elements within a larger conception of the economy increases the possibility of their valuation in their own terms and not merely in terms of the market economy. Within the whole economy it becomes possible, for example, to ask not the worth of voluntary action in terms of money but of money in terms of voluntary action. The process of commodification, so apparent in the contemporary world, is thus reversed: what is money that it should presume to measure the worth of voluntary action – or a clean environment or a peaceful society or a labour of love? Surely it is money itself whose worth needs be considered, and hence the role and limits and usefulness of monetized exchanges within the multi-currency processes of humankind among itself and within nature.

There can be many definitions of what, in addition to the market economy, is inside the whole economy, just as there can be many views about the dangers or virtues of commodification as a means of allocating use or giving more salient image to some activities and goods over others. Similarly, there can be many definitions how

much of societal activity lies outside the whole economy. However, until the concept of "the economy" is opened up for discussion and demystified to the point where it is no longer a taken-for-granted and unexamined term synonymous with the market economy, then societies seem likely to lose their way: to be able to see clearly neither impending dangers nor present possibilities surrounding the economy as casually defined by today's usage.

Note: Diana Smith and Catherine Starrs are in general agreement with this first draft prepared by Gail Stewart. Catherine Starrs however would add the following points.

The Whole Economy: Some Further Thoughts: by Catherine Starrs.

1. Readers might like to know that our paper originated in response to a call for papers by the Canadian Women's Foundation, addressing the role of women in the Canadian economy. We decided to avoid the conventional response of trying to put a monetary value on, for example, unpaid work. Such measurement merely increases the reach of the market economy and risks trivializing the worth of women's work. We therefore decided instead to launch the concept of the Whole Economy.
2. The release of new measurements by Statistics Canada, coupled with the responses to the Whole Economy concept paper published in Proceedings, prompt the following comments.

An article in the Globe and Mail announcing the release of the first official attempt to quantify the value of the environment to the Canadian economy contained this statement.

"The most important value of the document may ultimately be that it marks a first step in changing the environment from a free-floating part of the natural world to a part of a dollar economy." (G&M. Dec.5, 1997; pA8) In contrast, in another article in the same issue of the Globe and Mail, Rick Salutin points to William Blake (1757- 1827) who deplored the reduction of quality to quantity that occurred under both the new science and the new economics of his time. According to Salutin, Blake saw Newton, the father of modern science, as a Satanic but also pitiful figure, hunched over his compasses, diminishing the essences of unique beings and events in the name of "Ratio" – finding a common denominator to measure and compare things but in the process losing sight of what's inherent and special in each. Salutin goes on to draw an analogy with the Multilateral Agreement on Investment.

"MAI, which Canada will likely sign this spring, is a kind of global declaration of independence from all values except money. In the future, ...all public enterprises must

act solely in accordance with commercial considerations. ...Nowhere in the world where human beings act together, through public bodies they've created, may they henceforth concern themselves with anything but buying and selling. Ratio marches on..

3. What is the proper relationship of the environment to the economy? Are components of the natural environment simply inputs into the market economy in some cases, and depletions or costs to economic activity in others? Or is it the other way round – do not the life-support systems of the planet constitute the fundamentals provided the air, water, food and other essentials for human life.

It seems that those holding to the Market Economy Perspective see the market economy as dominant, fed by

inputs from society (e.g., labour) and from the environment (e.g., natural resources). In other words society and environment are largely the servants (the means) of the economy (the end purpose) – a relationship clearly ridiculous from other more human and humane perspectives. A careful re-thinking of these relationships would lead to the Ecological Perspective wherein the overall context is the environment, where society is contained within the environment's life-support systems, and where the market economy is a subset of the whole economy and subservient to the values, aims and objectives of society.

It is our hope that this contrast will further illuminate the whole economy concept and prompt re-thinking of the environment-economy relationship.

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