

The Morality of Economics: The Key Issue of the Twenty-First Century

By [Richard C. Cook](#)

Theme: [Global Economy](#)

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Since January 2007, Global Research and other forums have published a series of articles by this writer on the urgent need for economic and monetary reform.

Some readers have commented on how distant these monetary reform recommendations are from current practice. The reason for this is simply that the recommendations derive from a starting point that is not customary.

This starting point is that human morality should be the essential factor in analyzing and making economic policy decisions. In other words, an economic system should reflect what is good and right, not just what those in power choose to dictate or the compromises that can be worked out by the balance of power in some political equation.

Economic decisions, as they are made presently within the United States and elsewhere, reflect the standpoint of a moral outlook that is critically defective. This is what must be changed, not just mechanics.

For the past quarter century, economic life, under the rubric of globalization, has increasingly been based on such overt or covert precepts as, "survival of the fittest," "privatization," "might makes right," "money talks," "whoever has the gold rules," and "let the buyer beware."

All are basically reflections of the profit motive vs. any ideal of charity, compassion, or service. Indeed, mention of such lofty motivations is even likely to evoke sneers among self-anointed "realists." But the fact is that laws and practices have been increasingly marked by greed for gain by some at the expense of everyone else, which is an indicator of a society-wide relapse into barbarism.

These trends have been abetted by the contention that economics is a science, somehow similar to physics, which describes the behavior of "forces" that are essentially amoral. The primary such force, perhaps, is the postulated existence of an impersonal "market," the functioning of which, even when appearing ruthless, supposedly results in the common good.

A recent example may be found in a statement by Secretary of the Treasury Henry M. Paulson to Fortune magazine predicting a global economic downturn. Paulson said, "It's just that we're not going to defy economic gravity." By placing his forecast on a par with the most relentless of all physical laws, Paulson lends an aura of inevitability to events which, if they occur, could be devastating to billions of people.

By implication, Paulson also denies the possibility of any political choice about the likely event, even though it would be at least partially a result of the housing bubble, the biggest such financial travesty in history, which the Federal Reserve, along with the last several presidential administrations, have contributed to creating in the absence of any genuine economic driver for the U.S. economy.

But such “forces” as policy-makers buy into are usually manmade. Further, more than people realize, the way a nation’s economy functions is a reflection of its moral choices and values. The “market” behaves as it is designed to behave and distributes its benefits accordingly. The upside of this observation is that an economic system can be altered to reflect a higher moral vision.

A glaring instance was the 600-plus-point drop in the Dow-Jones the week of July 23. The “causes” were the ongoing collapse of the housing market and the worldwide tightening of credit. Though many commentators have been predicting an economic decline, few are willing to say that the credit crunch is by design and represents a choice by the central banks, including the Federal Reserve, to favor the interests of creditors over debtors.

The most basic question to be addressed in analyzing the morality of economics is whether human beings have a right to life. Most people would say yes. Many would consider the answer so obvious that the question is unnecessary, even foolish. The basic principle of the Declaration of Independence is that human beings have an “unalienable right” to “life, liberty, and the pursuit of happiness.”

Yet the actions of governments and individuals give the lie to this idea. Even after a century of the horrors of world war, governments continue to embrace war as an instrument of policy. This has applied particularly with regard to the United States, which has engaged in almost continuous warfare since 1941 and which today maintains military personnel or bases in over 130 countries.

Weapons of violence and warfare blanket the earth. Obviously many people believe that human beings have a right to life unless some government that is armed to the teeth decides otherwise. The most recent glaring example has been the U.S. occupation of Iraq, which, based on whatever rationale, has resulted in the deaths of hundreds of thousands of civilian non-combatants. In this instance, the values of “life, liberty, and the pursuit of happiness” have clearly been viewed as secondary to other, perhaps unstated, priorities. One such priority, without doubt, is control of oil.

This is only one example whereby the basic precepts of human welfare have taken a back seat to more urgent imperatives. Decisions are constantly being made by some people that have a life or death result for others, including the one to maintain or even raise interest rates in the face of the pending economic decline.

There was a time when individuals and families were much better equipped than at present to live by means of their own labor, without regard to the economic decisions made by economists, financiers, military planners, or politicians. Tribal and agrarian societies, including much of the United States through at least the end of the nineteenth century, were based on technologies that allowed people to survive at a subsistence level with minimal interference by outside experts or authorities.

The same was true of the agricultural and peasant classes of Europe until recent times.

Even during the so-called “Dark Ages,” the masses of people were able to subsist off the land even as the warrior castes slaughtered each other.

All this changed through the mechanization of work brought about by the industrial revolution. Now more could be produced by fewer workers. The first of many epoch-making innovations was the application of steam power to the operation of machines. Observers believed naively that mankind had now evolved to such a degree that the curse of labor had been lifted and that the human race would now be free from merely having to earn a living and could devote itself to higher pursuits.

But it turned out that the benefits of industrialization flowed mainly to those who controlled the processes of production. Those who did the work, or those whose work was no longer needed, were left out. The system which imposed this paradigm was capitalism. It was opposed by a variety of ideologies, including various types of socialism and trade unionism, which argued that the gains in productivity really should be viewed as the property of the community, not just a handful of those with economic and political power.

In recent years, capitalism has conquered most of the world, even in countries that still may consider themselves socialist, such as China. The brand of capitalism that has become the most powerful is finance capitalism, based ultimately on the lending of money at interest. Backing up this system is the greatest arsenal of weapons of mass destruction ever seen.

There was a time when such lending, particularly at excessive rates of interest, was condemned as usury, but no more. Now it is even a matter of official policy that the central banks of the world may raise interest rates as high as they wish if they are able to make the claim that they are fighting inflation or making borrowers more responsible. The name for this policy is “monetarism.” But this justification of lending practices that many ethical authorities in history have regarded as criminal is an excuse, not a reason.

As a result of capitalism, much of the world’s population has increasingly been left out of the prosperity and material security that industrialization once seemed to promise. Around the world, the benefits clearly have accrued mainly to the upper income echelons, while the majority of people are left to struggle. The results increasingly are un- or under-employment, poverty, lack of adequate nutrition or health care, or even, in many countries, starvation.

Within the United States alone, thirty-five million people are malnourished and almost a million are homeless, including some war veterans. No one could possibly argue that all of these people are personally at fault and that none are suffering because of the type of economy we have chosen to embrace. Yet for many, poverty and homelessness are a death sentence, whether through ill health, exposure, or violence, because in economics, due process and equal protection of the laws no longer seem to apply.

Faced with such situations, another ideology has sprung up based on the idea that there are not enough resources on the earth to support the human population, so that many must simply die—with the exception, of course, of oneself, one’s friends and family, one’s co-religionists, or one’s countrymen. Overly-pessimistic alarms about such phenomena as global warming also become part of the litany of doomsayers.

This latter-day Malthusianism is more prevalent than many are aware of. We are afflicted with a mind-set of scarcity in a Universe where there are so many signs of an infinity of

abundance. It may be easier to comprehend a philosophy of abundance by realizing that the resources available to us may someday include not only those of the earth but those of surrounding space and the solar system as well.

People are drawn into the illusion of scarcity without giving much thought as to whether there might be better ways to distribute the prosperity of the modern technology-driven economy so that the world's population can be adequately maintained. But doing so must be a collective effort. What, then, does society have a moral obligation to provide to its members under today's conditions?

The most obvious is meaningful employment. Here United States policy makers have failed drastically by pursuing policies which have led to the collapse of our industrial base and the export of so many of our jobs. But even beyond creation of a robust producing economy, three additional measures come to mind.

One is a guaranteed income for all. Each individual should be granted, as a basic human right, a sufficient amount of money to survive at a subsistence level. Such an income should be made as a recurring cash payment by every government, or on a worldwide basis by the U.N. Richer nations should provide poorer ones the means to do this if necessary. There is no reason except human ignorance why poverty worldwide could not be eliminated now through a basic income guarantee.

The second should be low-cost credit provided at the individual and consumer levels for grassroots economic development. Credit should be viewed as both a public utility and a human right and should be made available at minimal cost—no more than one percent interest payable to whatever public agency is charged with administering the program. Banks have the privilege of creating credit “out of nothing.” Governments, which grant banks this privilege, should have it also and could and should exercise it to the benefit of their populations. Low-cost credit is essential for maintenance of dynamic local economies.

The third is a public infrastructure consisting of health, education, water, transportation, and waste disposal services that are provided without charge to all persons. Again, there is no reason except prejudice why governments should not be able to exercise the privilege of spending or lending money directly into circulation for these purposes without recourse to either taxation or borrowing. As America's greatest inventor, Thomas Edison, once observed, the government could as easily spend interest-free money into circulation for such purposes as sell bonds to banks then borrow the money back as an addition to the public debt.

An economic and monetary system that would provide these benefits is within reach, given the current state of development of technology and the world economy. Once the system is in place, society would have a firm basis on which a robust and creative private sector could be supported, including meaningful jobs available on demand. The first requirement for prosperity would have been met, which is a healthy, educated, and enterprising population.

In fact, more advanced economies could provide an additional cash dividend to their citizens in order to allow firms engaged in production to recover through their pricing sufficient earnings for investment in future growth and innovation. The term used by monetary reformers for such a stipend is a “National Dividend.”

These measures could be instituted regardless of the type of political system a nation chooses to embrace. They would not only sustain the entire population but would also inject the purchasing power needed at the grassroots level to distribute what the global economy is able to produce. The number one unsolved economic problem the world faces today is that people lack purchasing power to buy what industry can create, so they must constantly go deeper into debt.

Such a program as described herein would go a long way toward satisfying the injunction contained in all the world's religions which is reflected in the Christian precept that we should strive to "love our neighbor as ourselves." This is what I believe should define the morality of economics. Our community life would then become a "house built on rock," rather than on the shifting sands of greed, profiteering, poverty, and debt.

We must realize that as long as a single person on earth is unfairly denied sustenance, we remain barbarians. Everywhere in the world people are waking up to the fact that the work of applying enlightened concepts of morality to economics is the key task which mankind faces in the twenty-first century. Unfortunately, as of this writing, there are signs that those in power are making plans for another wave of warfare and violence to hold the day of reckoning at bay. But they cannot do so forever.

Richard C. Cook is a retired federal analyst, whose career included service with the U.S. Civil Service Commission, the Food and Drug Administration, the Carter White House, and NASA, followed by twenty-one years with the U.S. Treasury Department. His articles on monetary reform, economics, and space policy have appeared on Global Research, Economy in Crisis, Dissident Voice, Atlantic Free Press, and elsewhere. He is the author of "Challenger Revealed: An Insider's Account of How the Reagan Administration Caused the Greatest Tragedy of the Space Age." His website is at www.richardccook.com.

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