

Attack on American Free Enterprise System

Lewis F. Powell, Jr.

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PREFACE

"Whenever I run into a problem I can't solve, I always make it bigger."

Dwight D. Eisenhower

The following essay was inspired by a memorandum written 40 years ago by Lewis F. Powell, a Virginia lawyer (later to become a U.S. Supreme Court justice appointed by Richard Nixon) to his friend, Eugene B. Sydnor, at the U.S. Chamber of Commerce. Bill Moyers, in one of his recent TV segments, considered the 1971 Powell Memorandum¹ as a "[call-to-arms for American corporations](#)" that was a modern turning point in the age-old power struggle (war) between corporations (people who come together for a specific goal) and governments (people who come together for the common good).

The ongoing struggle over power and wealth are the subject of this essay. It appears that when there is a significant or exaggerated separation of power (dictatorship) or wealth (Kings and peasants), there is discontent. When humans sense unfairness, the result is unrest and if unmanaged, escalates into a revolution – often violent.

Using today's social media we find an amazing experiment conducted with our cousins the Chaucin monkeys on unfair reward (pay). One might conclude there is some lesson learned from the ancient past that is actually programmed in our DNA - that our ancient ancestors had already figured out – Yes, we understand that weather must be averaged over 20-30 years before we can say that climate has actually changed. But when locals say, "The last time we had weather like this was never," it does make you wonder.

So we will discuss related topics including hoarding – the accumulation of stuff – power, money, pets, children, etc. We will discuss the "value" of such behavior – and the ills it seems to generate. We will discuss what elements in American society contribute to this "unfair" distribution – that results from hoarding – and if we really want a peaceful society, we would be advised to rethink our social order

Apparently fearful of the fall of the American Free Enterprise, Powell set about to devise a strategy to oppose the 'Leftist² attack.' Powell's proposed counter attack is described in detail with his original memo. Looking back, it appears that Powell's strategy was quietly implemented and a new battle

¹ See the [original typed version](#) of the Memo. Read the transcript of the [Powell Memo](#). Also see an article by GreenPeace, "[The Lewis Powell Memo - Corporate Blueprint to Dominate Democracy](#)" Blogpost by Charlie Cray - August 23, 2011

² Today Leftist / Socialist / Communist are wrongly viewed to be a single ideology by most in the Right /Conservative / Tea Party who then deliberately, wrongly and pejoratively connect Leftist to the Liberal / Progressive perspective. But being an unaffiliated / independent voter, I guess that's their problem.

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began 40 years ago in this never-ending war.³ At this point, the American Free Enterprise system has definitely won the day. Large corporations and financial institutions have seized the hill, but the war is not over. Today U.S. based corporations and financial institutions have unprecedented power - unseen since the breakup of the Rockefeller, Carnegie, Morgan monopolies at the turn of the 20th century. And the historians would say that we are now at a place on the battlefield of power where Thomas Jefferson most feared to be but where Alexander Hamilton wanted to steer us. We are where we are – so let's look around even as this undeclared 225 year internal war continues in the U.S.

Whereas Powell saw the problem as an “attack on the American Free Enterprise system in 1971,” today we can see the problem as being much bigger. We can reframe it as an “attack on America” and an “attack on the Planet by Homo Sapiens.” In this essay, we simply “reframe” Powell's work, his ideas, his analysis into the worldview we can see today - a worldview derived from today's Universe Story – a story that did not exist in its current level of detail in 1971 when Powell wrote the initial memo.

We are privileged to be able to broaden our perspective of the problem today because we humans are amazing living beings. We have an incredible ability to observe ourselves and the world around us and then learn from what we observe. We are a creature that seems to be forever curious and for whatever reason continues to ask, “Why? and How?” To our credit we have developed a unique ability for ‘collective learning’⁴ and methods to pass our ever expanding knowledge base from one generation to the next generation in a manner that transcends DNA. [As we continue to observe the Universe around us, we compile these observations into a coherent Universe Story, We love to](#)

To our demise, we have also developed a fascination of, some say an addiction to, hoarding Earth's resources – of claiming as our own. the accumulation

As we observe the Universe it suggests a purpose for humans – as natural evolution of life on Earth seems to have done for 3.8 billion years, i.e. create more complexity that is sustainable – we too can focus on sustainable creations.

[We find new eyes to see \(micro / telescopes\) tools technology -](#)

..... [using bigger perspective of today's Universe Story](#) In 1971, as documented in Powell's memo, he and many other citizens were concerned about and focused on how American corporations / businesses (the American Free Enterprise) were being “attacked” by the liberal, Leftist members of our culture.

³ Never-ending war. David Rothkopf, in his book “Power, Inc.: The Epic Rivalry Between Big Business and Government –the Reckoning That Lies Ahead” tells the story of Stora Kopparberg, a corporation originally devoted to mining copper near the town of Falun in Sweden. Stora may be the oldest continuously operating corporation in the world – there are surviving documents of early share transactions dating back to 1288. The story of Sweden's Stora illustrates that conflicts between corporation owners, stockholders, workers, management, and government existed at least 725 years ago. Pg 33.

⁴ [Collective Learning](#). A term used by David Christian as he narrates a timeline depicting a complete history of the evolving universe, from the Big Bang to Planet Earth today with a focus on the “Thresholds of Increasing Complexity.” He points out that humans appear to be unique among the living species – we acquired language, visual symbolism to record experiences, collective memory, and then ‘collective learning’ with an ever growing knowledge base to be passed to the next generation(education).

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Recall that at that point in American history, our country was also engaged in an unwinnable (and undeclared) war in Vietnam intended to counteract the Domino Effect⁵ – a term used to describe the feared global expansion of Communism. Remember at that time we lived in deathly fear, bordering on paranoia, of the Soviet Union, specifically the fear that Capitalism would be overrun by a Communist or even Socialist system.

Recall that at this time, as described in a recent [Greenpeace article](#), a renewed environmental consciousness was emerging that was also threatening the status quo and profitability of corporations:

“Environmental awareness and pressure on corporate polluters had reached a new peak in the months before the Powell memo was written. In January 1970, President Nixon signed the **National Environmental Policy Act**, which formally recognized the environment’s importance by establishing the White House Council on Environmental Quality. Massive Earth Day events took place all over the country just a few months later and by early July, Nixon signed an executive order that [created the Environmental Protection Agency](#) (EPA). Tough new amendments to the Clean Air Act followed in December 1970 and by April 1971, EPA announced the first air pollution standards. Lead paint was soon regulated for the first time, and the awareness of the impacts of pesticides and other pollutants-- made famous by Rachel Carson in her 1962 book, *Silent Spring* – was recognized when DDT was finally banned for agricultural use in 1972.”

Reframing Assumptions / Approach

During this “reframing of the Powell Memo” process we make the following points:

- 1) Our social order, the “system,” is undoubtedly working as it is currently designed to function. How well the system is working for each of us may not be the way some of us would like it to function, but for the 1%, it is working quite well.
- 2) Since homo sapiens created the “system”, if we-the-people don’t like how it is working, we can obviously modify it whenever we muster the collective will to do so. Human history shows us there are various ways our human created systems change:
 - a. When the human system is inconsistent with natural laws, and the humans involved do not change their system (adapt), the humans lose, the system is abandoned & nature continues on. *Examples include: the Easter Island culture that destroyed their island’s ecosystem; the use of lead to fabricate the Roman water supply & distribution system,...*

⁵ President Dwight D. Eisenhower coins one of the most famous Cold War phrases when he suggests the fall of French Indochina to the communists could create a "domino" effect in Southeast Asia. The so-called "domino theory" dominated U.S. thinking about Vietnam for the next decade..... In the long run, however, Eisenhower's announcement of the "domino theory" laid the foundation for U.S. involvement in Vietnam.” John F. Kennedy and Lyndon B. Johnson both used the theory to justify their calls for increased U.S. economic and military assistance to non-communist South Vietnam and, eventually, the commitment of U.S. armed forces in 1965. <http://www.history.com/this-day-in-history/eisenhower-gives-famous-domino-theory-speech>.

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- b. When the human system is consistent with natural laws, but the system is inconsistent with human nature, the system will decline, the humans lose & nature continues on. *Examples include: Peaceful civilizations living sustainably but overrun / conquered by warring cultures (i.e. the Iroquois Confederacy of North America was living in right relations with nature but were not prepared to defend themselves from the more physically aggressive European settlers ,....)*
- 3) The “system” in which we live shapes us and determines how & what we learn about the Universe, about our Planet, about All Life, about humans, and about ourselves.
 - a. When the “system” prevents us from seeing and learning about our unsustainable behavior, a portion of the system needs to be changed.
 - b. When the “system” continues to conduct an undeclared civil war over power and wealth, a portion of the system needs to be changed.
 - c. When the “system” prevents any one of its citizens from reaching their potential and from increasing their awareness and consciousness, a portion of the system needs to be changed.
 - d. When the “system” no longer places collective learning (education of future generations) as a social priority, a portion of the system needs to be changed.
 - e. When the “system” no longer is concerned about the long term (hundreds of millions of years) viability of the human species, a portion of the system must be changed.
- 4) Avoid blaming. The process of “blaming” transfers the responsibility and power for bringing about change (or righting a wrong or restoring an injustice) away from oneself to someone else. Blaming In effect, it makes one powerless to bring about change. That doesn’t make sense.
- 5) Avoid sub-optimization.
 - a. Systems theory reminds us that when seeking to improve the performance of a large complex system (such as our global eco-system), it is unwise to just optimize a single subsystem (say the American Free Enterprise System or Businesses) – this is referred to as sub-optimization.
 - b. Expending effort to strengthen only one favorite component/part within a large system typically doesn’t optimize the total system performance. However, when the total system is improved, everyone (every subsystem) wins.

Powell’s memo describes how to sub-optimize ‘corporate America’ – the Free Enterprise System. Unfortunately this sub-optimization does not strengthen America as a nation, nor does it make for a better planet.

This is where Dwight Eisenhower’s quote makes a lot of sense,

"Whenever I run into a problem I can't solve, I always enlarge it."

This is where Edwin Markham’s approach makes a lot of sense

*He drew a circle that shut me out-
Heretic, rebel⁶, a thing to flout.
But love and I had the wit to win.
We drew a circle and took him in!*

From the poem " Outwitted" — Edwin Markham

- c. By reframing Powell's ideas in a broader context, beyond sub-optimizing 'Corporate America' to say optimizing America or better yet to optimizing the Planet, we are more likely to find a solution that benefits Corporate America AND America AND the Planet. Implementing this broader solution would be beneficial for All Life – human and non-human; plant and animal. We definitely need to amend our current system to do this.
- 6) Strive for adaptability. This is a lesson we definitely must learn from our current consciousness of evolution of life on planet Earth. It is a known fact that the Universe is expanding, that the Sun is fusing its finite supply of hydrogen and will run out in about 5 billion years, that the earth's core is constantly radiating energy to space and will eventually become solid (assuming the expanding Sun does not consume it before). Things they are a changing constantly, continuously – and the environment within which live is undergoing change as well. Those species that can best adapt to change will avoid extinction. Those species that were unable to adapt are no longer around as living beings but rather as fossils.
- 7) Reflect on the Serenity Prayer

*God, grant me
the Serenity to accept the things I cannot change,
the Courage to change the things I can, and
the Wisdom to know the difference.*

The prayer is a wise and poetic way of suggesting that it is appropriate to accept that we cannot change the vast Universe beyond – we cannot change the Sun that gives us the energy for Life on the Planet, nor can we change our sister planets. It is appropriate to accept that we cannot change the Universe within, from which emanates the four forces of our natural world (Strong & Weak Nuclear, Electromagnetic and Gravitational forces). Those are things we cannot change.

⁶ Insert your own pejorative label: Leftist / Rightist, Liberal / Conservative, Communist/Socialist/Capitalist, Democrat / Republican, Black/White/Yellow/Brown, Atheist/Fundamentalist/Christian/Jew/ Muslim/Buddhist/..., Gay/Straight, etc.

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We are advised to summon the courage to change the things we can. We 7 billion humans are already bringing about change at a global level – and not in the direction that promotes the continuance of Life on the Planet. [When we enlarge the problem to include the whole of the planet, because - the things that we have helped to emerge – that which we have created – the material things as well as the virtual ideas, the intangible systems – the human laws, the human systems, indeed our own behavior - these are the things we can change if we summon the will – the courage.](#) And of course we better understand what within us is fundamental versus what we can change – to know the difference – through careful observation we can differentiate. That is our hope. That is our prayer.

Let's be clear. If humans left the planet Earth, there would be no problem – life on the planet would re-establish a new state and continue to evolve sustainably. As the Universe continues to expand, as the planet continues its natural changes, so too the living system must adapt to these changes if life expects to continue. Over millions of years we would expect more species to evolve and more species fail to adapt to the changing niche and become extinct.

Life (at least some part of it) has survived bombardment from the skies as meteors slam into the earth causing incredible devastation. Life (at least some part of it) has survived climate change – including ice ages,

Although the problem is as large as the planet, it can be narrowed down. There is no problem with non-human life that nature will not over time repair or correct. The problem can be limited to human behavior. The question is, “Are homo sapiens conscious enough to observe their unsustainable behavior and change their social structures (all of the nearly 200 ‘countries require some change) in time to avoid a dramatic collapse of the current eco-system?” The jury of evolution is still out before we know its decision.

How do we retain our individual freedom that is essential to creativity, happiness, and even well being but yet have every individual exercise their freedom with a sense of responsibility for the well being of themselves, their immediate family, their extended family – and the deep extended family that includes all relatives in the family tree past and present and future?

Let's pause for a moment and ask ourselves, “How's our current system working for us personally?” If it's not working well, then let's enter into discussions on how to improve the system. The civil system we live within is our creation. If it needs to be altered, we can update it. We must.

Introduction

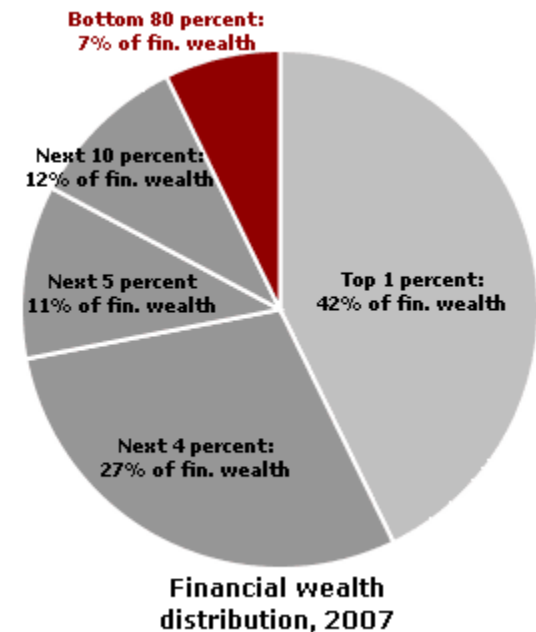
We have to ask ourselves, “How’s our current system working for us personally?”

We-the-People. 1% of our population will respond, “The status quo provides an ideal environment for our personal well being” - an understandable response for those who have accumulated 42% of our nation’s considerable wealth. Actually the top 5% of our citizens have now accumulated 70% of the nation’s wealth.

Not unexpectedly, the 80% of citizens at the other end of the economic scale will answer the question with some variation on the theme, “Not so good” as they simply try to survive on just 7% of the country’s wealth. This group includes a growing number of homeless individuals and families. Some within this group make up a large number of the 8% of our unemployed citizens still looking for a way to earn a living. Some are recently graduated students saddled with unprecedented indebtedness from student loans. Some are trying to stay one step ahead of foreclosure and eviction from their homes. Some are spending much of their time and emotional energy fending off creditors for unpaid health care costs incurred as a result of a recent illness or accident in their lives. Many are considering (or in the process of) personal bankruptcy. A few will admit their life is a struggle, but they insist there are still some rays of hope, still some moments of joy and happiness especially when they can spend time with their families and friends, some retain the hope that the lives of their children will be better than theirs. Yet they get up each morning and try to move forward.

The once predominant ‘middle class’ is now reduced to the remaining 15% of the population associated with 23% of the nation’s wealth. This group would answer the question with, “We’re getting along.” Some are currently without a job, some have upside down mortgages but manage to make monthly payments, some fear they will never be able to afford to retire. Yet many will say that Life is pretty good. They have their families and friends. They have some time for entertainment and recreation. They too get up each morning and move ahead, some more joyfully than others.

Corporate America / Wall Street. So “How’s our current system working for large corporations and financial institutions?” They would admit they are doing quite well in today’s America. Nearly all large American companies learned that is very profitable to move their manufacturing jobs (and equipment) to China, and so they did over the past decade. Their products can now be produced for a fraction of the cost of manufacturing here in the U.S. so that even after incurring significant shipping costs, there is much more profit when manufacturing is overseas by underpaid laborers. The manufacturing that remains in the U.S. is associated with the auto industry, aerospace & defense industry, and construction.



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We might attribute the present power and success of the Free Enterprise System to the genius of Powell's strategic thinking and the coordinated efforts of corporations over the past 40 years. Others might suggest that the American Free Enterprise System's surge to the top of the ridge was unimpeded after the failure of the Soviet Union's experiment with Communism.

Several years after the breakup of the Soviet Union and the end of the Cold War, a former Russian aerospace scientist, now turned geologist and scientific instrument salesman was visiting the US. He told me that "Communism was an experiment. It failed (partially) because central planning was far too difficult for just a few people at the top." For whatever reasons, our most feared external enemy during the Cold War imploded. In retrospect it appears that Communism was born with a number of potentially fatal birth defects, including the difficult, if not impossible task of detailed central planning, nor was it designed to take on the difficult task of integrating/uniting a system as complex as the 15 nation states (republics) within the [Union of Soviet Socialist Republics](#) - except by force. The Soviet Union's final breath occurred during the Reagan Administration so the great communicator and his followers humbly took full credit for defeating their "evil empire." But that's another story that someday historians will unravel⁷.

So the undeclared internal war over power continues within the United States. Unfortunately in recent battles, 'we-the-people' together with 'we-the-non-human-beings' have suffered the most casualties and the balance of power is now on the side of the large multinational corporations, Wall Street financial institutions and the wealthy 1%.

Fortunately our Constitution has seen fit to protect we-the-people from most of the abuse humans have experienced for millennium – abuse from the runaway leaders of their civil societies. We are protected from the abuse of monarchs, and religious figureheads by an electable leader whose executive powers are in turn balanced by a bicameral branch of government – also electable whose powers are in turn balanced by a select dozen whose powers are restricted to interpretation of the law but otherwise not balanced, nor electable nor directly responsible to we-the-people – perhaps a regrettable asymmetry in our civil society. Without any accountability, except the remote possibility of impeachment, this third branch of government is prone to run amuck.

Seems nature has endowed each of us humans with the ability to be uniquely imperfect and perhaps thankfully oblivious to this talent – otherwise we would become deeply depressed. Members of the Supreme Court continue to demonstrate they too are human.

As great as our Constitution is, it does not protect us from the abuse of power by financial institutions too-big-to-fail or corporations too-big-to-be-responsible. Such is our imperfect Union. With our current (Free Enterprise System) system, which undoubtedly is functioning just it was "designed" with today's laws and tax regulations, the unsustainable separation of wealth continues unabated.

⁷ Ironically Oliver Stone's latest work "Untold History of the United States" begins to provide some additional insights into this period of American history – details that are generally overlooked by the mainstream media.

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In 2010, the top 1 percent of U.S. families captured as much as 93 percent of the nation's income growth, according to a March paper by Emmanuel Saez, a University of California at Berkeley economist who studied Internal Revenue Service data. Ref: [Bloomberg.com](http://www.bloomberg.com)

Reframing the Powell Memorandum

We took on this “reframing” exercise for several reasons.

- 1) Lewis Powell was intelligent. He identified an issue he was passionate about. He devised a long range plan to do something about it. 40 years later, we see that his plan was successfully implemented – to a fault. Due in part to people like Powell, the Free Enterprise system has counter attacked and now has the upper hand on power in America – and for that matter around the world.
- 2) There is now an unacceptable separation of wealth here in the U.S. – one of the worst in the world, the middle class has nearly disappeared and the general economy is in trouble – the disappearance of a middle class with its associated buying power has contributed to the decline of economy.
 - a. 1% of the population has accumulated 42% of the country's wealth and they have taken that wealth out of the economy because they are hoarding it – in many cases the 1% has actually taken this wealth out the country – to banks in Europe and the Cayman Islands (ref: Tax issues with Mitt Romney)⁸
 - b. Hoarding of wealth, power, etc. is of no value to other members of the society – in fact it is a detriment and should not be promoted. Examples of elements within our system that promote the further separation of wealth include:
 - i. A tax structure where a person that receives an income of \$10 million a year pay 14% tax whereas a person making \$100,000 pays 28-35%. Forget the crap about
- 3) We are living on Spaceship Earth – with finite resources – we are all in the same lifeboat. The 1% is able to hid their behavior from the 99% - but in a small life boat say consisting of a dozen people, if the system allowed one person to accumulate nearly ½ of the combined wealth of all the people in the lifeboat, it would be noticed and the other 11 people would not put up with such unfair behavior – the 1% would find themselves swimming with the sharks. But in a large population the Vulture Capitalists can go about their unsustainable ways unseen – in secret. Secrecy (often through obscuration) is their friend.

⁸ A full 267 of the 379 pages of the 2011 Tax Return are devoted to listing Mitt Romney's investments in 34 offshore corporations and partnerships, including 15 in the Cayman Islands. Of the 34 offshore companies, 30 are located in countries considered to be offshore tax havens by the U.S. Government Accountability Office. Ref: http://www.huffingtonpost.com/2012/09/21/mitt-romney-tax-returns-released_n_1904242.html

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Format

The first column contains Lewis Powell’s original memo written in 1971. The second column is merely a reframing of Powell’s ideas with a different worldview – one where the concern is not an ‘Attack on the American Free Enterprise’ but rather an ‘Attack on Life Itself.’ (in part the attack is by American Free Enterprise.) Text in black indicates Powell’s original text. Text in red denotes the current author’s reframing additions.

Detailed Reframing Results

<p>CONFIDENTIAL MEMORANDUM Attack on American Free Enterprise System</p>	<p>OPEN MEMORANDUM Attack on the Earth’s System of Life</p>
<p>DATE: August 23, 1971 TO: Mr. Eugene B. Sydnor, Jr., Chairman, Education Committee, U.S. Chamber of Commerce FROM: Lewis F. Powell, Jr.</p>	<p>DATE: November 14, 2012 TO: Gail, My Family & Friends & Guides FROM: Milt Hetrick, Jr.</p>
<p>This memorandum is submitted at your request as a basis for the discussion on August 24 with Mr. Booth (executive vice president) and others at the U.S. Chamber of Commerce.</p>	<p>This memorandum is submitted as a basis for discussion by any concerned person who might come across this.</p>
<p>The purpose is to identify the problem, and suggest possible avenues of action for further consideration.</p>	<p>The purpose is to identify the problem, and suggest possible avenues of action for further consideration.</p> <p>It is time to take stock of the past 225 years in America – time to celebrate our successes, acknowledge our failures, and thoughtfully move in the direction of a more perfect union.</p> <p>We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.</p> <p>It is obvious that the 1787 emergence of something more, the United States of America, from nothing but ‘We the People’ as a result of a new relationship described in our U.S. Constitution (and subsequently amended as appropriate) is a shining moment of evolving consciousness in human history. We Americans have</p>

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real reason to be proud of our heritage.

Since the beginning of recorded history, humans have been coming together and forming relationships for a variety of reasons – to procreate and propagate our species, to survive within hostile environments, to provide for our common defense, to pursue joy and happiness, to care for one another, to cooperate and collaborate on creative endeavors, to promote collective learning and pass knowledge efficiently to the next generation that in turn extends the consciousness (and subsequently the creative abilities) of the human species.

Of all the past and present experiments in forming civil societies, the system framed by the U.S. Constitution and its amendments is still among the very best.

Companion laws, regulations and supreme court rulings have changed the course of our social order during the past two centuries – and at this moment in time, when humans number over 7 billion it is appropriate for a reality check to determine if we are on the 'right' course.

Are we living our lives in right relations with each other, with the whole of life, and with our common planet? Are we living our lives in a manner that is sustainable with respect to future generations? Is our Union still “securing the Blessings of Liberty for our Posterity?”

To a growing number of people within the U.S. (and around the world), it appears there is a single answer to the above questions - “No!”

In other words, there the problem has changed. It now appears that we need to be concerned about an “Attack on the Earth’s System of Life” and we in the U.S. are becoming major players in this attack.

Yet we are aware of the interdependence of life and that an attack on some of life is an attack on all.

So using the approach of the learned Lewis Powell, we reframe his memo for our purposes. Because we are merely using his ideas, we credit former Justice Powell for any insights we might uncover during this “reframing” process.

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

<p><u>Dimensions of the Attack</u> No thoughtful person can question that the American economic system is under broad attack. This varies in scope, intensity, in the techniques employed, and in the level of visibility.</p>	<p><u>Dimensions of the Attack</u> No thoughtful person can question that Planet Earth's interdependent system of life (Ecosystem) is under broad attack. This varies in scope, intensity, in the techniques employed, and in the level of visibility.</p>
<p>There always have been some who opposed the American system, and preferred socialism or some form of statism (communism or fascism).</p> <p>Also, there always have been critics of the system, whose criticism has been wholesome and constructive so long as the objective was to improve rather than to subvert or destroy.</p>	<p>There always have been some humans who opposed the interdependent living ecosystem on our planet, and preferred some exclusive anthropocentric⁹ political, economic, or religious ideology or some form of -ism (communism, fascism, capitalism, ...)</p> <p>Also, there always have been critics of specific human behavior whose criticism has been wholesome and constructive so long as the objective was to improve the evolution of human consciousness rather than to subvert or destroy our planet's ecosystem including human and non-human life.</p>
<p>But what now concerns us is quite new in the history of America¹⁰.</p>	<p>But what now concerns us is quite new in the history of America, indeed in the history of humankind.</p> <p>The human global population has now exceeded seven (7) billion people and the</p>

⁹ **Anthropocentric**: considering human beings as the most significant entity of the universe. *Example*: Clear cutting a forested area is an acceptable practice within an **anthropocentric** perspective because it provides (or appears to provide) a benefit to humans. Clear cutting a forest allows us to harvest the trees for making human products such as lumber and paper. However by using a broader, more inclusive perspective (let's call it an eco-centric perspective), we would acknowledge that clear cutting has an impact on the viability of other life forms (non-human – plant and animal life – including micro organisms living in the forest). Clear cutting will cause unsustainable damage to other live forms within our interdependent web of life on this planet that in turn can have a detrimental effect on our own lives. Not to mention the impact on the non-living systems we also depend on for our life (e.g. the reduction of CO₂ sequestration through photosynthesis and the reduced production of Oxygen, the destruction of the habitat for a wide range of non-human animal and plant life, the alteration of the local/regional water cycle, the alteration of the local top soil and micro organisms within, the effect on local streams and rivers from soil erosion, etc. etc. The eco-centric perspective does not negate the anthropocentric perspective; it simple draws a bigger circle around it to reflect an evolving conscious so necessary if we intend to live sustainably on this planet for the next 500 million years. With an eco-centric perspective we find less intrusive ways to harvest mature trees for our human benefit, with a minimal (or zero) down side for the rest of life and the planet. Replacing the practice of clear cutting with sustainable tree harvesting has a down side from a purely anthropocentric viewpoint, there is still profit but less profit for the lumber industry.

¹⁰ Powell's statement that these 'attacks' are "quite new in the history of America" is disappointing for such a respected individual. Apparently he forgot that from the very beginning of this country there existed a great dissension among the ranks of our founding fathers. Jefferson was pro-agrarian and Hamilton was pro-business. Jefferson feared the worst from corporations knowing what atrocities could be perpetrated by unrestrained corporations in Europe (such as Stora Kooparberg, East India Company, etc.). This philosophical/political divide continued up to, during, and beyond our own Civil war. It continued into the late 1880s and early 1900s when we saw the effects of the monopolies created by Carnegie (steel), Rockefeller (oil), Morgan (banking, electric power, steel), etc. and the justified anti-trust backlash against this unrestrained corporate power. During the Theodore Roosevelt years there was a broadly based and consistent assault on the enterprise system because it was acting irresponsibly on a manner, creating an unsustainable separation of wealth, trampling the less privileged and restricting their Liberty. And it persists today.

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<p>We are not dealing with sporadic or isolated attacks from a relatively few extremists or even from the minority socialist cadre. Rather, the assault on the enterprise system is broadly based and consistently pursued. It is gaining momentum and converts.</p>	<p>effects of some of our actions are now collectively having a detrimental effect on the health of all life in our interdependent ecosystem – including non-living elements such as the climate we have enjoyed as relatively temperate for the past tens of thousands of years, such as the water that is becoming more and more contaminated with human-made toxic chemicals, such as the finite resources that are being consumed rather than borrowed and returned so they are available for future generations, etc..</p> <p>We are not dealing with sporadic or isolated attacks from a relatively few extremists or even from the minority socialist and capitalist cadre. Rather, their assault on the ecosystem is broadly based and consistently pursued by all of the so-called developed nations predominately located in the western or northern hemispheres. This suicidal behavior of homo sapiens appears to be gaining momentum and converts despite the fact that there are isolated individuals and groups of individuals (The Blessed Unrest)¹¹ who are becoming more and more conscious of this unsustainable behavior. These canaries in the mine are beginning to sound the alarm and say we need to change our behavior and live sustainably if we expect there to be future generations of homo sapiens thriving on this finite planet in the next millennium – even in the next 200 years at the rate we are currently heading into the ditch through our unconscious consumption.</p>
<p><u>Sources of the Attack</u> The sources are varied and diffused. They include, not unexpectedly, the Communists, New Leftists and other revolutionaries who would destroy the entire system, both political and economic.</p> <p>These extremists of the left are far more numerous, better financed, and increasingly are more welcomed and encouraged by other elements of society, than ever before in our history.</p> <p>But they remain a small minority, and are not yet the principal</p>	<p><u>Sources of the Attack</u> The sources are varied and diffused. They include, not unexpectedly, the, Communists, New Leftists, Fundamentalists, unconscious Capitalists and others who would out of self-interest destroy the entire living system of this planet, including naturally evolved forms of life (human & non-humans) as well as the many civil systems created by homo sapiens for their civil societies such as our political, economic, educational, health, and recreational subsystems.</p> <p>These unconscious egocentric extremists who are attacking life itself are far more numerous, better financed (from vast stores of accumulated wealth – referred to as the 1%), and increasingly more welcomed and encouraged by other elements of our global society, than ever before in human history.</p> <p>But they remain a small minority (1%), and are not yet the a principal cause for</p>

¹¹ The Blessed Unrest, by Paul Hawken

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<p>cause for concern.</p>	<p>concern.</p> <p>We are able to envision past history and are still appalled by disease called the Bubonic plague (Black Death) that swept over Europe in the 14th century and terminated the lives of 30-60%¹² of the population. We are able to envision and are still appalled by the disease called smallpox carried from Europe to the Americas that swept over 80-90%¹³ of the indigenous populations and decimated their physical bodies. But it is more difficult to conceive of an invisible dis-ease affecting the behavior of certain homo sapiens that seems destined to result in their self-induced extinction. We might call this dis-ease the Curse of Unconscious Consumptive. It appears to penetrate our thinking process, cloud our judgment, and cause compulsive / addictive behavior that can be characterized clinically as a mental illness. And it is sweeping over the "Developed Nations."</p> <p>These sources of the attack on sustainable living appear to have one thing in common – a mental illness recognized for millennium by symptoms such as: obsessive greed, hoarding (of money/wealth, property, land, etc.), unrelenting quest for power, and lack of empathy for less privileged (including non-human life).</p> <p>Hopefully they remain a minority generally referred to as the 1%, but they are a principal cause of concern for the long term health of the planet's living eco-system.</p>
<p>The most disquieting voices joining the chorus of criticism come from perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians.</p>	<p>The most disquieting voices joining the chorus of extremist's chants - moronic chants such as 'Drill Baby Drill' & 'U-S-A-U-S-A-U-S-A' - chants apparently intended to drown out the voices of reason come from perfectly respectable elements of society: from Conservative "Think Tanks" (an oxymoron?); Climate Change Deniers; Corporate CEOs; Financial Institutions, 'neoconservative' political leaders and want-to-be leaders, the Tea Party, the Rightists, the AynRandians (Libertarians), fundamentalist pulpits, the conservative media (including Fox News – another oxymoron?), Conservative publications, the U.S. Chamber of Commerce, Super PACS and conservative politicians blinded by the re-election power of special interest lobbying – including the direct influence of the 1% (or 0.01% billionaires throwing</p>

¹² [^](http://books.google.com/books?id=YiHHnV08ebkC&pg=PA21&dq#v=onepage&q=&f=false) Austin Alchon, Suzanne (2003). *A pest in the land: new world epidemics in a global perspective*. University of New Mexico Press. p. 21. ISBN 0-8263-2871-7.

¹³ [^](#) "The Cambridge encyclopedia of human paleopathology". Arthur C. Aufderheide, Conrado Rodríguez-Martín, Odin Langsjoen (1998). Cambridge University Press. p.205. ISBN 0-521-55203-6

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<p>In most of these groups the movement against the system is participated in only by minorities. Yet, these often are the most articulate, the most vocal, the most prolific in their writing and speaking.</p>	<p>their money around) – politicians our system has caused to become addicted to the money needed for their re-election. But only occasionally from the college campuses.</p> <p>In most of these groups the movement against the Earth’s eco-system is perpetrated by unconscious extremist puppets. Yet, these puppets are often backed by billionaires wanting to protect their hoard of wealth – the wealth that in their myopic worldview “they built.”</p> <p>The most disquieting voices include the most articulate, the most vocal, the most prolific in their writing and speaking, the most aggressive, those skilled in the art of ‘spin’, misinformation and obscuration (the search for truth is no longer a concern – a campaign worker for a recent candidate for president acknowledged that their campaign would not be “dictated by fact checkers.”¹⁴</p> <p>And then there are the quiet, unassuming likes of Lewis Powell skilled in strategic political warfare.</p>
<p>Moreover, much of the media -- for varying motives and in varying degrees -- either voluntarily accords[sic] unique publicity to these "attackers," or at least allows them to exploit the media for their purposes.</p> <p>This is especially true of television, which now plays such a predominant role in shaping the thinking, attitudes and emotions of our people.</p>	<p>Moreover, much of the emerging conservative media as well as the cloned corporate media -- for varying motives and in varying degrees -- either voluntarily affords unique publicity to these "attackers," or at least allows them to exploit the media for their purposes.</p> <p>This is especially true of mainstream corporate television, which now plays such a predominant role in shaping the thinking, attitudes and emotions of our people.</p> <p>Mainstream for-profit television corporations rely on other corporate sponsored advertisements for their revenue stream. Prime time hour-long programs need to script, perform and tape only 40 minutes of actual content because 20 minutes is reserved for ‘commercials.’ And these ‘commercials’ are not required, or expected to convey any information even resembling</p>

¹⁴ Romney pollster Neil Newhouse suggested fact-checkers were biased and stated: "We're not going [to] let our campaign be dictated by fact-checkers." [ABCNews.com, [8/28/12](#)]

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	<p>what some might call the “truth.” Corporate propaganda abounds.</p> <p>I personally love the “Clean” coal and “Clean” natural gas ads.¹⁵ Another favorite has come to be the BP sponsored ads that show us viewers how great the gulf coast beaches now look. I also love the auto industries ads urging to buy this year’s bigger, roomier, shinier, more fuel efficient burner of hydrocarbon on wheels – not to mention safer (for the driver perhaps? Certainly not for life on the planet).</p> <p>And today we can turn to a number of TV channels and see the accomplishments of the Powell strategy (discussed later in the original memo) – including the Fox Network, owned and operated by Australian billionaire Rupert Murdoch – a renown purveyor of truth and guru for the Rightists.</p> <p>Fortunately there is an emerging presence of independent TV, radio, periodicals that provide alternative perspectives to the corporate media. Examples include Free Speech TV, Link TV, ... where we can get a better glimpse of what truth looks like.</p>
<p>One of the bewildering paradoxes of our time is the extent to which the enterprise system tolerates, if not participates in, its own destruction.</p>	<p>One of the bewildering paradoxes of our time is the extent to which the citizens of developed countries such as ours, people who are supposedly educated, aware, and have the freedom to choose a sustainable way of living not only tolerate, if not participate in, this destructive behavior by the “Deniers.”</p> <ul style="list-style-type: none"> • What problems with burning hydrocarbons and dumping the CO₂, mercury, etc. into our common atmosphere? • What climate change? • What destruction of other forms of live we are dependent on for own

¹⁵ Anyone who has ever taken high school chemistry knows that ALL hydrocarbons (coal, petroleum, gasoline, kerosene, natural gas, tars sands oil, shale oil, ...) contain carbon and hydrogen as well as trace elements. Basic chemistry informs us that when we burn any hydrocarbon, we produce a number of combustion products, including water vapor (H₂O is not a bad thing) and CO₂ (not a good thing because it is a ‘green house gas’ that contributes directly to a change in the composition of the Earth’s atmosphere that in turn affects the heat balance of the Earth. The oil and gas industry’s advertisements hope to divert our attention away from the fundamental issue with hydrocarbons – the production of CO₂ and the dumping of that CO₂ into the common atmosphere and instead want us to focus on the ‘trace elements’ they use to define the materials “Cleanliness” For example, “Clean” coal has less sulfur and possibly less mercury than coal with a higher sulfur content – “Dirty Coal?” Both spew the same amount of CO₂ into the atmosphere when burned – both make the same contribution to the heat imbalance and to human induced climate change – the primary issue at the moment. No one has the balls to come out and tell us that with today’s consciousness ANY BURNING OF A HYDROCARBON RESOURCE IS UNETHICAL. And it is unnecessary because we do have alternatives.

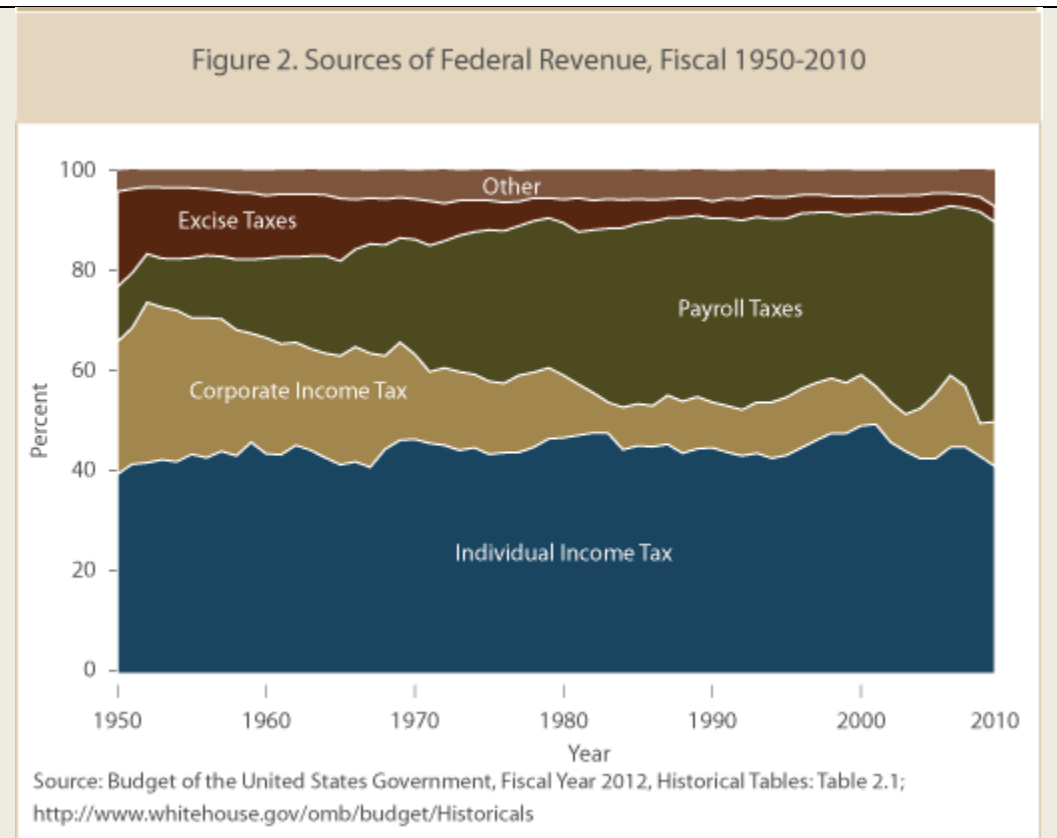
	<p>existence?</p> <ul style="list-style-type: none"> • What toxic materials produced by my corporation – I dumped them in the (<u>ocean, atmosphere, river, in a hole in the ground</u>, so they are out of sight – What’s the problem?). • What problems with overfishing our common oceans? • What problems with mono-crops & genetically modified agriculture? 												
<p>The campuses from which much of the criticism emanates are supported by (i) tax funds generated largely from American business,</p>	<p>Even back in 1971, The campuses from which much of the attack (<u>on the Free Enterprise System</u>) emanates <u>was</u> supported by (i) tax funds generated largely (<u>“largely” was a fiction then and is even more so now</u>) from American business,</p>												
<p>and (ii) contributions from capital funds controlled or generated by American business.</p>	<ul style="list-style-type: none"> • As indicated in Figure 1, the Individual Income Tax accounts for 42% of Federal Tax Revenue and has been the largest single source of federal revenue since 1950, averaging 8 percent of GDP. • Payroll taxes account for 40% of the revenue and include taxes for Social Security and Medicare. <ul style="list-style-type: none"> ○ Although the “employer” also contributes to these payroll taxes we all understand that this tax still comes from the employee as a reduced wage – not from the profits of the employer. ○ Payroll taxes also include railroad retirement, unemployment insurance, and federal workers’ pension contributions. ○ Considering that individuals typically end up paying the Excise taxes (conveniently buried in the cost of the products they buy from abroad), estate taxes and gift taxes, customs duties, and may even be the major source of the miscellaneous receipts (earnings of the Federal Reserve System and various fees and charges), individuals contribute most of the 9% Other & Excise Tax Revenue. <p>So to summarize, individuals certainly contributed 82 percent of all federal revenues in fiscal year 2010 – but more likely the actual total Federal revenue from individual citizens is closer to 91%.</p> <p>As indicated in Figure 1, Corporations that make up the Free Enterprise</p> <div data-bbox="934 771 1312 1429"> <p>Figure 1. Sources of Federal Tax Revenue, Fiscal Year 2010</p> <table border="1"> <caption>Data for Figure 1: Sources of Federal Tax Revenue, Fiscal Year 2010</caption> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Individual income tax</td> <td>42%</td> </tr> <tr> <td>Payroll taxes</td> <td>40%</td> </tr> <tr> <td>Corporate income tax</td> <td>9%</td> </tr> <tr> <td>Other</td> <td>6%</td> </tr> <tr> <td>Excise taxes</td> <td>3%</td> </tr> </tbody> </table> <p>Source: Budget of the United States Government, Fiscal Year 2012, Historical Tables: Table 2.1; http://www.whitehouse.gov/omb/budget/Historicals</p> </div>	Source	Percentage	Individual income tax	42%	Payroll taxes	40%	Corporate income tax	9%	Other	6%	Excise taxes	3%
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Individual income tax	42%												
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Other	6%												
Excise taxes	3%												

System (American Businesses) are the source of only 9% of the Federal Tax revenues.

With all due respect, Powell's statement that American College Campuses are / were "supported by (i) tax funds generated **largely** from American business" is quite laughable if the truth be told. Granted back in 1970, the Corporations contributed 11% to the Tax Revenues but when the minds of the proponents of the Free Enterprise System view 9-11% as LARGELY, human math & logic are in trouble.

As indicated in Figure 2, Corporate income tax revenues have steadily decreased from 1950 to today as the Payroll Taxes have increased. Revenue from the corporate income tax fell from between 5 and 6 percent of GDP in the early 1950s to 1.3 percent of GDP in 2010.

The boards of trustees of our universities overwhelmingly are composed of men and women who are leaders in the system.



and (ii) contributions from capital funds controlled or generated by American business.

The boards of trustees of our universities overwhelmingly are composed of men and women who are leaders in the (Free Enterprise System) system.

This overwhelming influence of representatives of the For-Profit Free Enterprise System in the realm of education may provide some explanation for the ever rising cost of primary, secondary and especially higher education, as we observe our educational system becoming more and more "privatized" with associated profit taking that reduces the amount of funding that actually goes into education.

Aside from this “drain” on our education system by the “For-Profit Free Enterprise System, there is questionable improvement in the quality of education as a result of this “privatization” – at least when compared to world standards. Even some elements of the Free Enterprise System are starting to become concerned about this continued decline in this most critical element of our civil society – how we pass the knowledge of one generation to the next – Here’s a quote by ExxonMobile.

“In 2009, the Program for International Students Assessment ranked U.S. students 17th in the world in science and 25th in math. Let’s change those numbers. Let’s invest in our teachers. Let’s inspire our students. Let’s solve this. ” Ref: ExxonMobil

The Organization for Economic Co-operation and Development (OECD), a globally based group made up of 34 member countries that span the globe, from North and South America to Europe and the Asia-Pacific region also maintain educational metrics. Their mission is to promote policies that will improve the economic and social well-being of people around the world. OECD has released their 2012 assessment for the United States.

KEY FINDINGS 2012 United States (Ref: OECD)

- The U.S. ranks 14th in the world in the percentage of 25-34 year-olds with higher education (42%).
- The U.S ranks 28th in the percentage of 4-year-olds in early childhood education, with a 69% enrollment rate.
- Across all OECD countries, 70% of the expenditure on higher education comes from public sources, while in the U.S., 38% does.
- The odds that a young person in the U.S. will be in higher education if his or her parents do not have an upper secondary education are just 29% -- one of the lowest levels among OECD countries.
- Teachers in the U.S. spend between 1,050 and 1,100 hours a year teaching – much more than in almost every country.

In 1971, Powell was obviously concerned about a specific ideological message that was being provided by colleges - what he perceived to anti-business or even anti-capitalism. He was pondering how this could happen when “The boards of trustees

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	<p>of our universities overwhelmingly are composed of men and women who are leaders in the [Free Enterprise – Capitalistic] system.”</p>
<p>Most of the media, including the national TV systems, are owned and theoretically controlled by corporations which depend upon profits, and the enterprise system to survive.</p>	<p>Most of the media, including the nation’s TV systems, are owned and theoretically controlled by (now 6 major¹⁶) corporations which depend upon profits (from advertizing revenues that are tax deductible business expenses for the corporate sponsor of the advertisement) , and the enterprise system to survive.</p> <p>Knowing what drives the For-Profit Enterprise System, we know that these gigantic 6 media corporations do not exist to “objectively present the truth to the American people.” They exist to make a profit and pay dividends to their stockholders. If these corporations did not operate for the primary purpose of making a profit, the stockholders could legally (and would) fire the corporate executives and the entire board of directors for fiscal malfeasance. These observations are not made for the purpose of “blaming” anyone – this is simply an issue of clarity and truthfulness. Without stating the truth and telling the empire it wears no clothes, how can there be any constructive change – a more perfect union?</p> <p>Let’s be honest, the ‘too-big-to-manage-responsibly’ media corporations are not going to do anything to drive away their biggest advertisers - formerly the tobacco industry, then the automotive, gasoline, and beverage/alcohol industries, now the entire hydrocarbon/fossil energy industry, as well the health care insurance and financial sector, and now the out-of-control pharmaceutical companies that spend billions of dollars (tax deductible business expenses) on advertising demonstrating there is a lot of profit to be had in pain & suffering. The color of green from all these for-profit (yet publically subsidized by tax deductions) sponsors certainly has an influence on the content and spin of the information conveyed over the air waves. So much for the First Amendment. Within our current system, how can we expect one of today’s “reporters” who uncovers foul play on Wall Street or the Oil & Gas / Petrochemical Industry or the pharmaceutical industry to conduct & write an investigative exposé and then get their editor who knows full well how J.P. Morgan-Chase, etc. is going to react when it becomes a headline, to publish the article? We do not have a “free press” today – not because it is being suppressed by government but because it is being suppressed by the press ownership and the Free Enterprise System itself. Our system does not protect free speech from the excessive</p>

¹⁶ The six corporations that collectively control U.S. media in 2012 are Time Warner, Walt Disney, Viacom, Rupert Murdoch's News Corp., CBS Corporation and NBC Universal. Ref: [The Economic Collapse Blog](#)

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	<p>suppressive power of today's Free Enterprise System.</p> <p>Example: The corporate media is complicate in this covert attack on freedom of speech by their failure to even mention topics such as 'climate change' not to mention their failure to investigate such concerns. Why? Some of the media's major sponsors are the Oil and Gas corporations who of course play no role in perpetuating the burning of hydrocarbons (their source of profit) – the burning of carbon that dumps several billion tons of CO₂ into our common atmosphere each year – the CO₂ that is a known green house gas that affects the Earth's heat balance with the Sun.</p> <p>The conservative media and 'think tanks' from which much of the criticism (and ridicule) of anthropocentric climate change emanates are supported indirectly through tax loop holes (e.g. Super PACS, 501(c)(4) 'Non-profits,'). Their avoidance of tax places more tax burden on the middle class.</p>
<p><u>Tone of the Attack</u> This memorandum is not the place to document in detail the tone, character, or intensity of the attack. The following quotations will suffice to give one a general idea:</p>	<p><u>Tone of the Attack</u> This memorandum is not the place to document in detail the tone, character, or intensity of the attack. The following quotations will suffice to give one a general idea:</p>
<p>William Kunstler, warmly welcomed on campuses and listed in a recent student poll as the "American lawyer most admired," incites audiences as follows:</p>	<p>Republican Presidential candidate, Mitt Romney, during his acceptance speech at the RNC in Tampa incites his audience as follows:</p>
<p>"You must learn to fight in the streets, to revolt, to shoot guns. We will learn to do all of the things that property owners fear." The New Leftists who heed Kunstler's advice increasingly are beginning to act -- not just against military recruiting offices and manufacturers of munitions, but against a variety of businesses: "Since February, 1970, branches (of Bank of America) have been attacked 39 times, 22 times with explosive devices and 17 times with fire bombs or by arsonists." Although New Leftist spokesmen are succeeding in radicalizing thousands of the young, the greater cause for concern is the hostility of respectable liberals and social reformers. It is the sum total of their views and influence which could indeed fatally weaken or destroy the system.</p>	<p>"President Obama promised to slow the rise of the oceans ... " then he pauses with a smirk to tease laughter out of his partisan audience, they respond appropriately and he goes on "and to heal the planet..." Another pause but only a subdued response from his followers. So he continues, "My promise is to help you and your family [implying that helping the planet does not help you and your family]." That line of course received a standing ovation.</p> <p>Penn State climate researcher Michael Mann later was quoted as saying, "How sad it is to witness such fallacious logic from a major party candidate for president," Mann, one of the nation's best-known climate researchers went on to say, "If we do not take the necessary actions to combat climate change now, we will of course be leaving our children and grandchildren the legacy of a degraded planet."</p> <p>http://www.climatedepot.com/a/17282/Romney-mocks-Obamas-pledge-to-control-sea-level-Obama-promised-to-slow-the-rise-of-the-oceans-and-to-</p>

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	<p>heal-the-planetMy-promise-is-to-help-you-and-your-family</p> <p>http://www.youtube.com/watch?v=trHqiqPkFVA</p>
<p>A chilling description of what is being taught on many of our campuses was written by Stewart Alsop:</p>	<p>Powell, using his laser focused perspective capable of illuminating only the Free Enterprise System among the vast number of systems actually involved, then begins to relate "A chilling description of what is being taught on many of our campuses was written by Stewart Alsop¹⁷:"</p>
<p>"Yale, like every other major college, is graduating scores of bright young men who are practitioners of 'the politics of despair.' These young men despise the American political and economic system . . . (their) minds seem to be wholly closed. They live, not by rational discussion, but by mindless slogans." A recent poll of students on 12 representative campuses reported that: "Almost half the students favored socialization of basic U.S. industries."</p>	<p>"Yale, like every other major college, is graduating scores of bright young men (women were first admitted to Yale around this time - 1969)¹⁸ who ... despise the American political and economic system . . . (their) minds seem to be wholly closed. They live, not by rational discussion, but by mindless slogans."</p> <p>Ironically, today, we might generalize and observe that our system for collective learning/teaching (educational system) whereby we pass knowledge/wisdom from one generation to the next is too narrowly focused on the American Free Enterprise system. News papers / magazines are mostly advertisements. A 1 hour TV program includes 19-20 minutes of commercials advertizing the goods or services of For-profit Corporation. 1/3 of the computer screen is filled with ads when one attempts to use the internet – not to mention the annoying "pop-ups" that find new ways to sneak past your "blocker."</p> <p>Young people from toddlers to college students are bombarded with intrusions into their life by corporations attempting to sell their products and earn a profit. This is a period of their lives intended to transfer vast amounts of meaningful information, including: lessons learned through history; current problems facing their generation; suggestions on the skills they will need to address these concerns; an awareness of the millions of non-human living species on the planet that we live among and depend on for our well being; information that describes what effects humans are having on each other and on all other non-human life on the planet; recently discovered additions to our global knowledge base; new theories and hypotheses for the next generation to explore; areas of the world that are suffering from extreme weather conditions; regions where people (or other forms of life) are in extreme</p>

¹⁷ Alsop described himself as "Republican by inheritance and registration, and ... conservative by political conviction." Ref: Alsop, Joseph and Stewart Alsop. *The Reporter's Trade. Foreword.* New York: Reynal & Company, 1958.

¹⁸ <http://www.yale.edu/timeline/1969/index.html>

stress and could use some immediate assistance; alternatives to destructive life styles; non-violent methods of managing human differences / conflicts;...

What a waste – we have such spectacular media capability these days. Little is being used to promote a purposeful life that considers all life on the planet. It is not being employed as it could be for enhancing collective learning/teaching. It is not being directed specifically toward an announced goal of increasing human awareness and evolving consciousness. It is not being used to teach us homo sapiens that we are now so many in number, that we are now affecting our planet in a manner that is now causing us harm; etc.

Imagine a system that toned down the effort by the media to sell us something yet protected the Free Enterprise system to make a fair profit. That's our challenge today – to find win-win scenarios – many of them. Then use the freedom available in a democracy and free market to let the informed market decide which win-win solution they want to participate in.

But before we start to tweak our present system, it is appropriate to step back and agree on some fundamental principles – guidelines that are consistent with natural laws and consistent with what we understand about human nature.

The natural laws of our non-living surroundings are the easiest to identify.

Our observations of non-human living beings is quite extensive – both plant and animal - as we have learned how to use our cousins for our personal benefit – the challenge today is how to interact with them for our mutual benefit.

Our observations of human nature are also extensive but will remain an ongoing challenge as long as humans continue to grow in awareness and consciousness – hopefully for hundreds of millions of years.

***"to err is human; to forgive, divine"
...Alexander Pope, "Essay on Criticism"***

Humans have freedom to choose and as a result do not always make the choice that best serves themselves, their community, their nation, the planet. Terms such as

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	<p>mistake, error, accident, miscue, blunder, slip-up, oversight, fault, are some of the terms used to describe behavior that unintentionally was not the best.</p> <p>Then of course there is the self-centered intentional behavior that is injurious that is also a part of human nature – we tend to make this behavior a criminal act by constructing common law to punish such behavior. However there are many behaviors that are injurious to humans and non-humans that are not illegal.</p>
<p>A visiting professor from England at Rockford College gave a series of lectures entitled "The Ideological War Against Western Society," in which he documents the extent to which members of the intellectual community are waging ideological warfare against the enterprise system and the values of western society.</p> <p>In a foreword to these lectures, famed Dr. Milton Friedman of Chicago warned: "It (is) crystal clear that the foundations of our free society are under wide-ranging and powerful attack -- not by Communist or any other conspiracy but by misguided individuals parroting one another and unwittingly serving ends they would never intentionally promote."</p>	<p>I too believe that the attacks on the ecosystem are "by misguided individuals parroting one another and unwittingly serving ends they would never intentionally promote."</p>
<p>Perhaps the single most effective antagonist of American business is Ralph Nader, who -- thanks largely to the media -- has become a legend in his own time and an idol of millions of Americans. A recent article in Fortune speaks of Nader as follows:</p>	<p>Since 1970, there are now a large number of people matching Ralph Nader's passion, who are proponents of the our Eco-system – our interdependent web of live – many of whom are also proponents of a responsible Free Enterprise economic model that peacefully co-exists in right relationship with the global Eco-system. Proponents of the Eco-system come from a range of political and economic ideology –it's just that the most important tenant is the long term survival of homo sapiens – and that requires the long survival of the entire energy chain that supports us.</p> <p>The undeclared of often covert war that is being conducted by the various ideologies (be it Capitalism, Socialism, Democracy, Social Democracy, etc. must end now – the global issues facing us today are too urgent – too critical to be wasting resources, energy, and creative thinking on war rather than on putting in place a system that promotes life – human life as well as all life. Just as the Sun no longer revolves around the Earth; so too the eco-system does not revolve around one species, homo sapiens. A new way of thinking is going to mandatory if humans expect to thrive for the next several hundred million years. Our actions today are irreversibly modifying the planet and its available resources making it difficult if not impossible for our</p>

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	<p>great grandchildren to live as we do – let alone live a better life. Who intentionally wants to harm their grand children’s future? Who intentionally wants the human species to be reduced to living conditions that existed 10,000 years ago?</p>
<p>"The passion that rules in him -- and he is a passionate man -- is aimed at smashing utterly the target of his hatred, which is corporate power. He thinks, and says quite bluntly, that a great many corporate executives belong in prison -- for defrauding the consumer with shoddy merchandise, poisoning the food supply with chemical additives, and willfully manufacturing unsafe products that will maim or kill the buyer. He emphasizes that he is not talking just about 'fly-by-night hucksters' but the top management of blue chip business."</p>	<p>It might be more accurate to say that proponents of the Free Eco-system are not in the least bit interested in – to use their war metaphor, “aimed at smashing utterly the target of ... hatred, which is corporate power” but rather having corporations voluntarily work within a life-serving framework or be restrained from behaving violently by the application of external powers beyond the informed market place.</p>
<p>A frontal assault was made on our government, our system of justice, and the free enterprise system by Yale Professor Charles Reich in his widely publicized book: "The Greening of America," published last winter.</p>	
<p>The foregoing references illustrate the broad, shotgun attack on the system itself. There are countless examples of rifle shots which undermine confidence and confuse the public. Favorite current targets are proposals for tax incentives through changes in depreciation rates and investment credits. These are usually described in the media as "tax breaks," "loop holes" or "tax benefits" for the benefit of business. * As viewed by a columnist in the Post, such tax measures would benefit "only the rich, the owners of big companies."</p>	
<p>It is dismaying that many politicians make the same argument that tax measures of this kind benefit only "business," without benefit to "the poor." The fact that this is either political demagoguery or economic illiteracy is of slight comfort. This setting of the "rich" against the "poor," of business against the people, is the cheapest and most dangerous kind of politics.</p>	
<p><u>The Apathy and Default of Business</u> What has been the response of business to this massive assault upon its fundamental economics, upon its philosophy, upon its right to continue to manage its own affairs, and indeed upon its</p>	<p><u>The Apathy and Default of Life Itself</u> What has been the response of the living species that are subjected to this massive assault upon its fundamental interdependent existence, upon natural economics where each mature individual takes full responsibility for the energy it needs for</p>

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<p>integrity?</p>	<p>their own existence, of recycling (i.e. borrowing and returning) every atom "extracted" from Mother Earth, upon its philosophy, upon its right to continue to manage its own affairs, and indeed upon its integrity?</p>
<p>The painfully sad truth is that business, including the boards of directors' and the top executives of corporations great and small and business organizations at all levels, often have responded -- if at all -- by appeasement, ineptitude and ignoring the problem. There are, of course, many exceptions to this sweeping generalization. But the net effect of such response as has been made is scarcely visible.</p>	<p>The painfully sad truth is 1) that the vast majority of the innocent living species (stakeholders) that are under this massive attack are often unseen by the eye of the attacker, are unheard by the ears of the attacker, are unnoticed by their scent, and are unfelt by the often remote touch of the attacker. As a result, the response of the living species under attack becomes irrelevant when they are not even a part of the attackers' consciousness. The vast number of stakeholders who are dying with entire species becoming extinct, do not have a vote. Nor do they even have adequate proxy representation. Humans would consider such a system to be 'exploitation/extermination without representation.' Our current behavior is an anthropocentric attack on the All of Life. An attack by a related species that appears to be growing more and more powerful but also more and more oblivious of their detrimental impact on the continued existence of other species they themselves depend on for the energy of Life.</p> <p>We Americans have created a system that all civilized people have learned it's best to avoid - where might can dominate over right. In such situations, homo sapiens have the upper hand on physical power and the manipulation of same. Humans are highly skilled at killing. Ending the life of another living entity to continue one's own life seems to be accepted in the natural world. It is naturally moral to eat. We humans might interpret this as "You kill it, you eat it." Nature in general might say, you must eat to live. When you eat, the energy of that being eaten becomes transformed into a new form of life. Humans have observed a basic law of physics that 'Energy is always conserved but can be transformed in other forms.' Within the independent web of life, the energy of the original life is simply transferred into a new form / shape and continues. In that context the energy of a hunted gazelle become transformed into the energy of the lion hunter. The energy of the hunted Buffalo becomes transformed into the energy of the Native hunter. The energy of the harvested corn becomes transformed into the energy of the human gatherer. The original shape of the life form disappears, but the energy is conserved and transferred. The accumulated knowledge, lessons learned, collective learning embedded in the incoming DNA slides by our DNA as it moves through digestive (transformation) tract - some believe the close presence of our cousins' DNA essence can heal our broken sequences as the transfer of energy takes place. What</p>

an awesome responsibility to be at the "top" of the energy path (food chain). The buck stops with us to use that energy from the Sun, (energy methodically and meticulously harvested by a golden thread of living beings until it entered our being) in a manner that is beneficial to All Life –of value in extending the consciousness of the Planet (and even the Universe.)

2) that homo sapiens, as a species, supposedly the most highly evolved sentient being alive today, often have responded -- if at all -- by appeasement, ineptitude and ignoring this attack on All of Life. There are, of course, many exceptions to this sweeping generalization (e.g. Hawken, The Blessed Unrest is comprised of people concerned about the various injustices they see around them and come together to acquire enough collective power to bring about a change). But the net effect of such response as has been made is scarcely visible.

The most intense/egregious attack is being conducted by supposedly the most 'developed' humans – supposedly the most aware/conscious instances of the species generally living in the western / northern hemispheres.

Because other species affected by this attack (non-human stakeholders) are unable to speak, they are not adequately represented in our still primitive courts of (human) law.

It is still legal to cut down (harvest) a tree without first planting another with like-function or even the promise to do same.

It is still legal to remain unconscious while we decimate the populations of other non-human species – many of whom are key links in the energy (food) chain that conveys the flow of energy from the Sun to our individual mouths and stomachs.

All life is not considered equal in the eyes of the court of human law. Nevertheless All life is created equal in the court of natural law – and that life has evolved (and exists today) by finding a niche within which to live (and defend) as best it can. Often in the course of events, that niche within which it receives its life giving energy, water, air, etc. will change – to avoid extinction, that living being must adapt or die. Animals have an adaptation

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	<p>advantage over plant life because they are afforded the opportunity to physically move to another niche in search of their life essentials. Plants have more limited range of motion –but even the humble seed has been known to hitch a ride aboard (or within) a more mobile species in search of a new habitat – even hiding out within the very bowels of another form of life before being re-deposited in a new world.</p> <p>So it is simple. To be sustainable for more than a few hundred more years, humans must create a global system wherein all Life is represented. Homo sapiens must begin to be the eyes and ears and voice for all those living being not represented on the Board of Directors, not represented in the parliaments and congresses around the world, not represented in the UN, not represented in the marketplace.</p> <p>So it is simple. Hoarding / consuming (as opposed to borrowing / returning) must be devalued (and even considered a mental illness as did the Iroquois before Europeans dominated North America) and those who continue to accumulate wealth/power without harvesting the appropriate sunlight to sustain their lifestyle must be ostracized and if there is no change in behavior, outcast or imprisoned where they no longer can inflict violence on other living beings.</p> <p>Because respect for all other living species is a fundamental aspect of a sustainable eco-system.</p>
<p>In all fairness, it must be recognized that businessmen have not been trained or equipped to conduct guerrilla warfare with those who propagandize against the system, seeking insidiously and constantly to sabotage it.</p> <p>The traditional role of business executives has been to manage, to produce, to sell, to create jobs, to make profits, to improve the standard of living, to be community leaders, to serve on charitable and educational boards, and generally to be good citizens. They have performed these tasks very well indeed.</p>	<p>In all fairness, it must be recognized that our current system of collective learning (education – the process of passing knowledge and wisdom from generation to generation in a manner that transcends DNA instructions) – an area where homo sapiens seem to excel is not adequately training or equipping us to recognize and neutralize those who use guerrilla warfare and propagandize against the eco-system, seeking insidiously and constantly to sabotage it (for various reasons or lack thereof).</p> <p>The traditional anthropocentric role of humans has been to survive, to procreate, to recreate, to cooperate, to collaborate, and to create something more from nothing but – by putting the tangible and intangible together in new relationships, and most importantly to evolve/grow in awareness and consciousness – a characteristic that sets homo sapiens apart from their other cousins.</p>

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	<p>In 1971, when Powell drafted this original memo, the traditional role of a small group of people focused on the Free Enterprise System we call business executives was to make profits, (sell something for an assigned value that is more than it cost to make). To do that, the business executive had to create jobs (entice a group of people to work with him in exchange for some form of compensation – hopefully a fair arrangement), to manage (the cooperative effort), to produce (something regardless of whether it was a sustainable process, product, or service), and to sell (the product). The remaining roles for business executives as described by Powell are part of a wonderful Disney-like mythology – roles that people (customers) outside the enterprise would praise – roles that in fact created “good will” for the corporation (and of course higher sales) - roles that often were a token effort but nevertheless could be magnified by creative PR firms to become a lasting image for the business executive’s legacy. Unfortunately these remaining roles were never embedded in the Free Enterprise System – and as a result have today become subservient to the executives role “to make a profit.” Nevertheless, here is how Powell describes the other “roles” of business executives: to improve the standard of living, to be community leaders, to serve on charitable and educational boards, and generally to be good citizens. In Powell’s 1971 perspective, they have performed these tasks very well indeed. Powell goes on to suggest expanded roles for business executives, which as we examine the Free Enterprise System today, it is fair to say that they have taken Powell’s suggestions to heart and actually overachieved during the past 40 years.</p>
<p>But they have shown little stomach for hard-nose contest with their critics, and little skill in effective intellectual and philosophical debate.</p>	<p>But the Proponents of the Free Eco-system have shown little stomach for hard-nose contest with their critics and little skill in effective intellectual and philosophical debate.</p>
<p>A column recently carried by the Wall Street Journal was entitled: "Memo to GM: Why Not Fight Back?" Although addressed to GM by name, the article was a warning to all American business. Columnist St. John said:</p>	<p>Perhaps we need a column, written to a broad audience around the globe entitled: "Memo to All Americans: Why Not Fight Back?" Although addressed to Americans by name, the article would be a warning to all Humans and All Life on the Planet.</p>
<p>"General Motors, like American business in general, is 'plainly in trouble' because intellectual bromides have been substituted for a sound intellectual exposition of its point of view."</p>	<p>"Americans, like all Humans and All Life on the Planet are 'plainly in trouble' because intellectual bromides have been substituted for a sound intellectual exposition of their point of view."</p>
<p>Mr. St. John then commented on the tendency of business</p>	<p>There is a tendency of Americans (and their political representatives) to compromise</p>

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<p>leaders to compromise with and appease critics. He cited the concessions which Nader wins from management, and spoke of "the fallacious view many businessmen take toward their critics." He drew a parallel to the mistaken tactics of many college administrators: "College administrators learned too late that such appeasement serves to destroy free speech, academic freedom and genuine scholarship. One campus radical demand was conceded by university heads only to be followed by a fresh crop which soon escalated to what amounted to a demand for outright surrender."</p>	<p>with and appease critics. For example, the concessions which Wall Street won from our government lawmakers in the 2008 Bailout.</p> <p>When the unethical but legal business practices related to sub-prime mortgages, to derivatives and other too-complex-to-buy&sell financial products imploded, the Too-big-to-fail financial institutions on Wall Street convinced our Treasury Department to convince Congress to use Taxpayer money to bail them out. Only a few legislators were able to withstand the intense pressure to do as Wall Street commanded.</p> <p>to incessant lobbying efforts to enact legislation favorable only to themselves, to the requests for the American Taxpayer to bail them out in times of financial reckoning that He cited the concessions which Nader wins from management, and spoke of "the fallacious view many businessmen take toward their critics." He drew a parallel to the mistaken tactics of many college administrators: "College administrators learned too late that such appeasement serves to destroy free speech, academic freedom and genuine scholarship. One campus radical demand was conceded by university heads only to be followed by a fresh</p> <p>beThis memo those who wish to destroy our common Free Eco-system</p>
<p>One need not agree entirely with Mr. St. John's analysis. But most observers of the American scene will agree that the essence of his message is sound. American business "plainly in trouble"; the response to the wide range of critics has been ineffective, and has included appeasement; the time has come - indeed, it is long overdue -- for the wisdom, ingenuity and resources of American business to be marshalled against those who would destroy it.</p>	
<p><u>Responsibility of Business Executives</u> What specifically should be done? The first essential -- a prerequisite to any effective action -- is for businessmen to</p>	<p><u>Responsibility of Business Executives</u> What specifically should be done? The first essential -- a prerequisite to any effective action -- is for businessmen to confront this problem as a primary responsibility of</p>

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<p>confront this problem as a primary responsibility of corporate management.</p>	<p>corporate management.</p>
<p>The overriding first need is for businessmen to recognize that the ultimate issue may be survival -- survival of what we call the free enterprise system, and all that this means for the strength and prosperity of America and the freedom of our people.</p>	<p>Today businessmen recognize that the ultimate issue may be survival -- of the free enterprise system....</p>
<p>The day is long past when the chief executive officer of a major corporation discharges his responsibility by maintaining a satisfactory growth of profits, with due regard to the corporation's public and social responsibilities.</p> <p>If our system is to survive, top management must be equally concerned with protecting and preserving the system itself. This involves far more than an increased emphasis on "public relations" or "governmental affairs" -- two areas in which corporations long have invested substantial sums.</p>	<p>The day is long past when the chief executive officer of a major corporation discharges his responsibility by maintaining a satisfactory growth of profits, with due regard to the corporation's public and social responsibilities.</p> <p>If our system is to survive, top management must be equally concerned with protecting and preserving the system itself. This involves far more than an increased emphasis on "public relations" or "governmental affairs" -- two areas in which corporations long have invested substantial sums.</p> <p>A significant first step by individual corporations could well be the designation of an executive vice president (ranking with other executive VP's) whose responsibility is to counter-on the broadest front-the attack on the enterprise system. The public relations department could be one of the foundations assigned to this executive, but his responsibilities should encompass some of the types of activities referred to subsequently in this memorandum. His budget and staff should be adequate to the task</p>
<p>A significant first step by individual corporations could well be the designation of an executive vice president (ranking with other executive VP's) whose responsibility is to counter-on the broadest front-the attack on the enterprise system. The public relations department could be one of the foundations assigned to this executive, but his responsibilities should encompass some of the types of activities referred to subsequently in this memorandum. His budget and staff should be adequate to the task.</p>	
<p><u>Possible Role of the Chamber of Commerce</u> But independent and uncoordinated activity by individual corporations, as important as this is, will not be sufficient.</p>	<p><u>Possible Role of the Blessed Unrest</u> But independent and uncoordinated activity by individual corporations, as important as this is, will not be sufficient. Strength lies in organization, in careful long-range</p>

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<p>Strength lies in organization, in careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations.</p>	<p>planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations.</p>
<p>Moreover, there is the quite understandable reluctance on the part of any one corporation to get too far out in front and to make itself too visible a target.</p>	<p>Moreover, there is the quite understandable reluctance on the part of any one non-profit social justice / environmental / peace organization to get too far out in front and to make itself too visible a target of the extreme right.</p>
<p>The role of the National Chamber of Commerce is therefore vital. Other national organizations (especially those of various industrial and commercial groups) should join in the effort, but no other organizations appear to be as well situated as the Chamber. It enjoys a strategic position, with a fine reputation and a broad base of support. Also -- and this is of immeasurable merit -- there are hundreds of local Chambers of Commerce which can play a vital supportive role.</p>	<p>The role of a National / Global Eco-System advocate is therefore vital. Other national organizations (especially those of various industrial and commercial groups) should join in the effort, but no other organizations appear to be as well situated as an organization such as Sierra Club (or something similar.) It enjoys a strategic position, with a fine reputation and a broad base of support. Also -- and this is of immeasurable merit -- there are hundreds of local Sierra Club chapters that can play a vital supportive role.</p>
<p>It hardly need be said that before embarking upon any program, the Chamber should study and analyze possible courses of action and activities, weighing risks against probable effectiveness and feasibility of each.</p> <p>Considerations of cost, the assurance of financial and other support from members, adequacy of staffing and similar problems will all require the most thoughtful consideration.</p>	<p>It hardly need be said that before embarking upon any program, the Sierra Club should study and analyze possible courses of action and activities, weighing risks against probable effectiveness and feasibility of each.</p> <p>Considerations of cost, the assurance of financial and other support from members, adequacy of staffing and similar problems will all require the most thoughtful consideration.</p> <p>One major concern of course is that the lead organization (whomever it is) must be able to include all the major stakeholders in the system – whether or not a U.S. based organization is sufficient to bring about change in the U.S. has yet to be determined.</p> <p>Large corporations based in the U.S. and key elements of the American Free Enterprise system actually do not view themselves as American corporations but rather 'multi-national' corporations that must consider all their stockholders in a range of countries – and sometimes, perhaps often, the decisions these mega-corporations make are friendly to America.</p>

How a relatively small non-profit corporation such as the Sierra Club could get the cooperation of ExxonMobil is beyond comprehension.

Looking ahead a bit to a sustainable future, we see an immediate transition away from ALL hydrocarbons. We see a future where hydrocarbons are no longer viewed as a cheap fuel to burn for heat but rather a precious one time only resource that has many valuable uses where the products made from these hydrocarbons can be recycle for hundreds of millions of years. Burning hydrocarbons is no longer an acceptable human behavior, it is unethical, it is actually immoral because of the effect that such burning has on future generations. With this reality in mind, we come to the conclusion that at least 80% of the known reserves of hydrocarbons must be left in place – if they continue to be extracted at the current rate, climate change will be so dramatic, it is game over for homo sapiens. So with this world view 80% of ExxonMobil’s assets are unusable in the short run - the value of their extraction corporation plummets – how do we protect the shareholders and the thousands of ExxonMobil employees? The current system does not allow them to participate in this effort to change the system to be sustainable. The options seem to be to get some of the oil companies to agree this is right thing to do for the sake of Life on the planet. Work with them individually and find ways to allow them to extract SOME of their assets for products that can be recycled – such as plastics made with zero discharge processes. With a more refined system of recycling various types of plastics, the hydrocarbon can be used over and over – never burnt. Other uses of the carbon include carbon filaments for lightweight materials. These materials if properly manufactured can also be recycled over and over.

But extracting oil, natural gas, coal, tars sands oil, shale oil for the sole purpose of burning must be immediately curtailed – not tomorrow, but today. Every minute we wait makes the problem more serve and the cost of reparation unaffordable.

One might also think that an arm of the United Nations would be better suited to lead this complex global effort. Unfortunately there are a large number of ill-informed people in the U.S. already opposed to thinking about the Eco-system AND

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	<p>have a deep seated aversion to the UN or any semblance of an organization that suggests a 'World Order' These people, champions of individualism, are repelled by even the mere thought of having a global organization, such as the World Court, have power over the U.S.</p>
	<p><u>The Campus (and other schools as well)</u></p> <p>The assault on the eco-system was not mounted in a few months. It has gradually evolved particularly during the industrial revolution, barely perceptible in its origins and benefiting from a gradualism that provoked little awareness much less any real reaction.</p>
<p>Although origins, sources and causes are complex and interrelated, and obviously difficult to identify without careful qualification, there is reason to believe that the campus is the single most dynamic source.</p> <p>The social science faculties usually include members who are unsympathetic to the enterprise system. They may range from a Herbert Marcuse, Marxist faculty member at the University of California at San Diego, and convinced socialists, to the ambivalent liberal critic who finds more to condemn than to commend. Such faculty members need not be in a majority. They are often personally attractive and magnetic; they are stimulating teachers, and their controversy attracts student following; they are prolific writers and lecturers; they author many of the textbooks, and they exert enormous influence -- far out of proportion to their numbers -- on their colleagues and in the academic world.</p>	<p>Although origins, sources and causes are complex and interrelated, and obviously difficult to identify without careful qualification, there is reason to believe that the campus is NOT the primary source of this attack on the eco-system.</p> <p>[There is reason to believe that the primary source of the attack on the eco-system is Wall Street – the financial / economic sector that continues to distort human values and ignore / externalize inconvenient costs]</p> <p>Institutions of learning typically provide windows that let in the light – provide glimpses of the Universe – provide enlightenment, exchange of ideas, and a better understanding of the world around us. However, our concept of what makes up a learning institution deserves re-examination.</p> <p>We tend to compartmentalize collective learning (education) as formal education often referred to as K-12 (kindergarten through high school) or even P-16 (pre-school through a 4 years of college).</p> <p>As we examine the life of an individual homo sapiens, we know that around 6 months after conception, the fetus has developed sleeping and waking cycles and... a startle reflex [in response to external stimulation.].... The brain will be developing rapidly over the next few weeks. The nervous system has developed enough to control some functions.¹⁹ In effect, the fetus is already starting to learn from outside stimuli – and that learning will continue until death. Actually the time period from birth through the first several years is when the human brain develops</p>

¹⁹ <http://www.americanpregnancy.org/duringpregnancy/fetaldevelopment2.htm>

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	<p>most rapidly. Gabor Maté asserts that healthy neurological development can be compromised if the infant is subjected to a stressful environment during these early formative years – he indicates a compromised neurological development can even occur to an unborn child if prior to birth, the mother is subjected to physical or emotional stress. Later in life, the person may exhibit behaviors such as ADD or various types of addictive behavior.</p> <p>An educational program that allows us to become aware of the Universe Story and the Planet/World we live in must start from birth and not end until death.</p> <p>The social science faculties usually include members who are unsympathetic to the enterprise system. They may range from a Herbert Marcuse, Marxist faculty member at the University of California at San Diego, and convinced socialists, to the ambivalent liberal critic who finds more to condemn than to commend. Such faculty members need not be in a majority. They are often personally attractive and magnetic; they are stimulating teachers, and their controversy attracts student following; they are prolific writers and lecturers; they author many of the textbooks, and they exert enormous influence -- far out of proportion to their numbers -- on their colleagues and in the academic world.</p>
<p>Social science faculties (the political scientist, economist, sociologist and many of the historians) tend to be liberally oriented, even when leftists are not present. This is not a criticism per se, as the need for liberal thought is essential to a balanced viewpoint. The difficulty is that "balance" is conspicuous by its absence on many campuses, with relatively few members being of conservatives or moderate persuasion and even the relatively few often being less articulate and aggressive than their crusading colleagues.</p>	
<p>This situation extending back many years and with the imbalance gradually worsening, has had an enormous impact on millions of young American students. In an article in Barron's Weekly, seeking an answer to why so many young people are disaffected even to the point of being revolutionaries, it was said: "Because they were taught that way." Or, as noted by columnist Stewart Alsop, writing about his alma mater: "Yale,</p>	

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<p>like every other major college, is graduating scores' of bright young men ... who despise the American political and economic system."</p>	
<p>As these "bright young men," from campuses across the country, seek opportunities to change a system which they have been taught to distrust -- if not, indeed "despise" -- they seek employment in the centers of the real power and influence in our country, namely: (i) with the news media, especially television; (ii) in government, as "staffers" and consultants at various levels; (iii) in elective politics; (iv) as lecturers and writers, and (v) on the faculties at various levels of education.</p>	
<p>Many do enter the enterprise system -- in business and the professions -- and for the most part they quickly discover the fallacies of what they have been taught. But those who eschew the mainstream of the system often remain in key positions of influence where they mold public opinion and often shape governmental action. In many instances, these "intellectuals" end up in regulatory agencies or governmental departments with large authority over the business system they do not believe in.</p>	
<p>If the foregoing analysis is approximately sound, a priority task of business -- and organizations such as the Chamber -- is to address the campus origin of this hostility. Few things are more sanctified in American life than academic freedom. It would be fatal to attack this as a principle. But if academic freedom is to retain the qualities of "openness," "fairness" and "balance" -- which are essential to its intellectual significance -- there is a great opportunity for constructive action. The thrust of such action must be to restore the qualities just mentioned to the academic communities.</p>	
<p><u>What Can Be Done About the Campus</u> The ultimate responsibility for intellectual integrity on the campus must remain on the administrations and faculties of our colleges and universities. But organizations such as the Chamber can assist and activate constructive change in many ways, including the following:</p>	<p><u>What Can Be Done About the Campus and other Learning Institutions</u> The ultimate responsibility for the education of each new soul that begins life on our planet remains first with the parents The ultimate responsibility for intellectual integrity on the campus must remain on</p>

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	<p>the administrations and faculties of our colleges and universities. But organizations such as the Chamber can assist and activate constructive change in many ways, including the following:</p>
<p><u>Staff of Scholars</u> The Chamber should consider establishing a staff of highly qualified scholars in the social sciences who do believe in the system. It should include several of national reputation whose authorship would be widely respected -- even when disagreed with.</p>	
<p><u>Staff of Speakers</u> There also should be a staff of speakers of the highest competency. These might include the scholars, and certainly those who speak for the Chamber would have to articulate the product of the scholars.</p>	
<p><u>Speaker's Bureau</u> In addition to full-time staff personnel, the Chamber should have a Speaker's Bureau which should include the ablest and most effective advocates from the top echelons of American business.</p>	
<p><u>Evaluation of Textbooks</u> The staff of scholars (or preferably a panel of independent scholars) should evaluate social science textbooks, especially in economics, political science and sociology. This should be a continuing program.</p>	
<p>The objective of such evaluation should be oriented toward restoring the balance essential to genuine academic freedom. This would include assurance of fair and factual treatment of our system of government and our enterprise system, its accomplishments, its basic relationship to individual rights and freedoms, and comparisons with the systems of socialism, fascism and communism. Most of the existing textbooks have some sort of comparisons, but many are superficial, biased and unfair.</p>	
<p>We have seen the civil rights movement insist on re-writing many of the textbooks in our universities and schools. The labor unions likewise insist that textbooks be fair to the viewpoints of organized labor. Other interested citizens groups have not</p>	

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<p>hesitated to review, analyze and criticize textbooks and teaching materials. In a democratic society, this can be a constructive process and should be regarded as an aid to genuine academic freedom and not as an intrusion upon it.</p>	
<p>If the authors, publishers and users of textbooks know that they will be subjected -- honestly, fairly and thoroughly -- to review and critique by eminent scholars who believe in the American system, a return to a more rational balance can be expected.</p>	
<p><u>Equal Time on the Campus</u> The Chamber should insist upon equal time on the college speaking circuit. The FBI publishes each year a list of speeches made on college campuses by avowed Communists. The number in 1970 exceeded 100. There were, of course, many hundreds of appearances by leftists and ultra liberals who urge the types of viewpoints indicated earlier in this memorandum. There was no corresponding representation of American business, or indeed by individuals or organizations who appeared in support of the American system of government and business.</p>	
<p>Every campus has its formal and informal groups which invite speakers. Each law school does the same thing. Many universities and colleges officially sponsor lecture and speaking programs. We all know the inadequacy of the representation of business in the programs.</p>	
<p>It will be said that few invitations would be extended to Chamber speakers. This undoubtedly would be true unless the Chamber aggressively insisted upon the right to be heard -- in effect, insisted upon "equal time." University administrators and the great majority of student groups and committees would not welcome being put in the position publicly of refusing a forum to diverse views, indeed, this is the classic excuse for allowing Communists to speak.</p>	
<p>The two essential ingredients are (i) to have attractive, articulate and well-informed speakers; and (ii) to exert whatever degree of pressure -- publicly and privately -- may be necessary to assure opportunities to speak. The objective always must be to inform and enlighten, and not merely to propagandize.</p>	

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<p><u>Balancing of Faculties</u> Perhaps the most fundamental problem is the imbalance of many faculties. Correcting this is indeed a long-range and difficult project. Yet, it should be undertaken as a part of an overall program. This would mean the urging of the need for faculty balance upon university administrators and boards of trustees.</p>	
<p>The methods to be employed require careful thought, and the obvious pitfalls must be avoided. Improper pressure would be counterproductive. But the basic concepts of balance, fairness and truth are difficult to resist, if properly presented to boards of trustees, by writing and speaking, and by appeals to alumni associations and groups.</p>	
<p>This is a long road and not one for the fainthearted. But if pursued with integrity and conviction it could lead to a strengthening of both academic freedom on the campus and of the values which have made America the most productive of all societies.</p>	
<p><u>Graduate Schools of Business</u> The Chamber should enjoy a particular rapport with the increasingly influential graduate schools of business. Much that has been suggested above applies to such schools.</p>	
<p>Should not the Chamber also request specific courses in such schools dealing with the entire scope of the problem addressed by this memorandum? This is now essential training for the executives of the future.</p>	
<p><u>Secondary Education</u> While the first priority should be at the college level, the trends mentioned above are increasingly evidenced in the high schools. Action programs, tailored to the high schools and similar to those mentioned, should be considered. The implementation thereof could become a major program for local chambers of commerce, although the control and direction -- especially the quality control -- should be retained by the National Chamber.</p>	
<p><u>What Can Be Done About the Public?</u> Reaching the campus and the secondary schools is vital for the</p>	

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<p>long-term. Reaching the public generally may be more important for the shorter term. The first essential is to establish the staffs of eminent scholars, writers and speakers, who will do the thinking, the analysis, the writing and the speaking. It will also be essential to have staff personnel who are thoroughly familiar with the media, and how most effectively to communicate with the public. Among the more obvious means are the following:</p>	
<p><u>Television</u> The national television networks should be monitored in the same way that textbooks should be kept under constant surveillance. This applies not merely to so-called educational programs (such as "Selling of the Pentagon"), but to the daily "news analysis" which so often includes the most insidious type of criticism of the enterprise system. Whether this criticism results from hostility or economic ignorance, the result is the gradual erosion of confidence in "business" and free enterprise.</p>	<p><u>Television</u> The national television networks should be monitored in the same way that textbooks should be kept under constant surveillance. This applies not merely to so-called educational programs (such as "Selling of the Pentagon"), but to the daily "news analysis" which so often includes the most insidious type of criticism of the enterprise system. Whether this criticism results from hostility or economic ignorance, the result is the gradual erosion of confidence in "business" and free enterprise.</p>
<p>This monitoring, to be effective, would require constant examination of the texts of adequate samples of programs. Complaints -- to the media and to the Federal Communications Commission -- should be made promptly and strongly when programs are unfair or inaccurate.</p>	
<p>Equal time should be demanded when appropriate. Effort should be made to see that the forum-type programs (the Today Show, Meet the Press, etc.) afford at least as much opportunity for supporters of the American system to participate as these programs do for those who attack it.</p>	
<p><u>Other Media</u> Radio and the press are also important, and every available means should be employed to challenge and refute unfair attacks, as well as to present the affirmative case through these media.</p>	<p><u>Other Media</u> Radio and the press are also important, and every available means should be employed to challenge and refute unfair attacks, as well as to present the affirmative case through these media.</p>
<p><u>The Scholarly Journals</u> It is especially important for the Chamber's "faculty of scholars" to publish. One of the keys to the success of the liberal and leftist faculty members has been their passion for "publication" and "lecturing." A similar passion must exist among the</p>	<p><u>The Scholarly Journals</u> It is especially important for the Chamber's "faculty of scholars" to publish. One of the keys to the success of the liberal and leftist faculty members has been their passion for "publication" and "lecturing." A similar passion must exist among the Chamber's scholars.</p>

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<p>Chamber's scholars.</p>	
<p>Incentives might be devised to induce more "publishing" by independent scholars who do believe in the system.</p>	
<p>There should be a fairly steady flow of scholarly articles presented to a broad spectrum of magazines and periodicals -- ranging from the popular magazines (Life, Look, Reader's Digest, etc.) to the more intellectual ones (Atlantic, Harper's, Saturday Review, New York, etc.) and to the various professional journals.</p>	
<p><u>Books, Paperbacks and Pamphlets</u> The news stands -- at airports, drugstores, and elsewhere -- are filled with paperbacks and pamphlets advocating everything from revolution to erotic free love. One finds almost no attractive, well-written paperbacks or pamphlets on "our side." It will be difficult to compete with an Eldridge Cleaver or even a Charles Reich for reader attention, but unless the effort is made -- on a large enough scale and with appropriate imagination to assure some success -- this opportunity for educating the public will be irretrievably lost.</p>	<p><u>Books, Paperbacks and Pamphlets</u> The news stands -- at airports, drugstores, and elsewhere -- are filled with paperbacks and pamphlets advocating everything from revolution to erotic free love. One finds almost no attractive, well-written paperbacks or pamphlets on "our side." It will be difficult to compete with an Eldridge Cleaver or even a Charles Reich for reader attention, but unless the effort is made -- on a large enough scale and with appropriate imagination to assure some success -- this opportunity for educating the public will be irretrievably lost.</p>
<p><u>Paid Advertisements</u> Business pays hundreds of millions of dollars to the media for advertisements. Most of this supports specific products; much of it supports institutional image making; and some fraction of it does support the system. But the latter has been more or less tangential, and rarely part of a sustained, major effort to inform and enlighten the American people.</p>	<p><u>Paid Advertisements</u> Business pays hundreds of millions of dollars to the media for advertisements. Most of this supports specific products; much of it supports institutional image making; and some fraction of it does support the system. But the latter has been more or less tangential, and rarely part of a sustained, major effort to inform and enlighten the American people.</p>
<p>If American business devoted only 10% of its total annual advertising budget to this overall purpose, it would be a statesman-like expenditure.</p>	
<p><u>The Neglected Political Arena</u> In the final analysis, the payoff -- short-of revolution -- is what government does. Business has been the favorite whipping-boy of many politicians for many years. But the measure of how far this has gone is perhaps best found in the anti-business views now being</p>	<p><u>The Neglected Political Arena</u> In the final analysis, the payoff -- short-of revolution -- is what government does. Business has been the favorite whipping-boy of many politicians for many years. But the measure of how far this has gone is perhaps best found in the anti-business views now being expressed by several leading candidates for President of the United States.</p>

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<p>expressed by several leading candidates for President of the United States.</p>	
<p>It is still Marxist doctrine that the "capitalist" countries are controlled by big business. This doctrine, consistently a part of leftist propaganda all over the world, has a wide public following among Americans.</p>	
<p>Yet, as every business executive knows, few elements of American society today have as little influence in government as the American businessman, the corporation, or even the millions of corporate stockholders. If one doubts this, let him undertake the role of "lobbyist" for the business point of view before Congressional committees. The same situation obtains in the legislative halls of most states and major cities. One does not exaggerate to say that, in terms of political influence with respect to the course of legislation and government action, the American business executive is truly the "forgotten man."</p>	
<p>Current examples of the impotency of business, and of the near-contempt with which businessmen's views are held, are the stampedes by politicians to support almost any legislation related to "consumerism" or to the "environment."</p>	
<p>Politicians reflect what they believe to be majority views of their constituents. It is thus evident that most politicians are making the judgment that the public has little sympathy for the businessman or his viewpoint.</p>	
<p>The educational programs suggested above would be designed to enlighten public thinking -- not so much about the businessman and his individual role as about the system which he administers, and which provides the goods, services and jobs on which our country depends.</p>	
<p>But one should not postpone more direct political action, while awaiting the gradual change in public opinion to be effected through education and information. Business must learn the lesson, long ago learned by labor and other self-interest groups. This is the lesson that political power is necessary; that such power must be assiduously (sic) cultivated; and that when necessary, it must be used aggressively and with determination</p>	

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<p>-- without embarrassment and without the reluctance which has been so characteristic of American business.</p>	
<p>As unwelcome as it may be to the Chamber, it should consider assuming a broader and more vigorous role in the political arena.</p>	
<p><u>Neglected Opportunity in the Courts</u> American business and the enterprise system have been affected as much by the courts as by the executive and legislative branches of government. Under our constitutional system, especially with an activist-minded Supreme Court, the judiciary may be the most important instrument for social, economic and political change.</p>	<p><u>Neglected Opportunity in the Courts</u> American business and the enterprise system have been affected as much by the courts as by the executive and legislative branches of government. Under our constitutional system, especially with an activist-minded Supreme Court, the judiciary may be the most important instrument for social, economic and political change.</p>
<p>Other organizations and groups, recognizing this, have been far more astute in exploiting judicial action than American business. Perhaps the most active exploiters of the judicial system have been groups ranging in political orientation from "liberal" to the far left.</p>	
<p>The American Civil Liberties Union is one example. It initiates or intervenes in scores of cases each year, and it files briefs amicus curiae in the Supreme Court in a number of cases during each term of that court. Labor unions, civil rights groups and now the public interest law firms are extremely active in the judicial arena. Their success, often at business' expense, has not been inconsequential.</p>	
<p>This is a vast area of opportunity for the Chamber, if it is willing to undertake the role of spokesman for American business and if, in turn, business is willing to provide the funds.</p>	
<p>As with respect to scholars and speakers, the Chamber would need a highly competent staff of lawyers. In special situations it should be authorized to engage, to appear as counsel amicus in the Supreme Court, lawyers of national standing and reputation. The greatest care should be exercised in selecting the cases in which to participate, or the suits to institute. But the opportunity merits the necessary effort.</p>	
<p><u>Neglected Stockholder Power</u> The average member of the public thinks of "business" as an</p>	<p><u>Neglected Stockholder Power</u> In 1971, Powell writes that "The average member of the public thinks of "business"</p>

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<p>impersonal corporate entity, owned by the very rich and managed by over-paid executives. There is an almost total failure to appreciate that "business" actually embraces -- in one way or another -- most Americans. Those for whom business provides jobs, constitute a fairly obvious class. But the 20 million stockholders -- most of whom are of modest means -- are the real owners, the real entrepreneurs, the real capitalists under our system. They provide the capital which fuels the economic system which has produced the highest standard of living in all history. Yet, stockholders have been as ineffectual as business executives in promoting a genuine understanding of our system or in exercising political influence.</p>	<p>as an impersonal corporate entity, owned by the very rich and managed by over-paid executives." At the advice of my parents, who taught my siblings and I that "Farming is just a slow way of going broke," I left home after high school, got a college degree and became a part of a large corporation shortly before Powell made this observation. At that time the CEO who was about 9 labor grades above me made about 30 times what I did as a junior employee – when I left some 35 years later, as a middle manager having moved up 6 labor grades so, the CEO was now only 3 labor grades above me yet he was making 240 times what I made.</p> <p>There is an almost total failure to appreciate that "business" actually embraces -- in one way or another -- most Americans. Those for whom business provides jobs, constitute a fairly obvious class. But the 20 million stockholders -- most of whom are of modest means -- are the real owners, the real entrepreneurs, the real capitalists under our system. They provide the capital which fuels the economic system which has produced the highest standard of living in all history. Yet, stockholders have been as ineffectual as business executives in promoting a genuine understanding of our system or in exercising political influence.</p>
<p>The question which merits the most thorough examination is how can the weight and influence of stockholders -- 20 million voters -- be mobilized to support (i) an educational program and (ii) a political action program.</p>	
<p>Individual corporations are now required to make numerous reports to shareholders. Many corporations also have expensive "news" magazines which go to employees and stockholders. These opportunities to communicate can be used far more effectively as educational media.</p>	
<p>The corporation itself must exercise restraint in undertaking political action and must, of course, comply with applicable laws. But is it not feasible -- through an affiliate of the Chamber or otherwise -- to establish a national organization of American stockholders and give it enough muscle to be influential?</p>	
<p><u>A More Aggressive Attitude</u> Business interests -- especially big business and their national trade organizations -- have tried to maintain low profiles, especially with respect to political action.</p>	<p><u>A More Aggressive Attitude</u> Considering the importance of the Sustainability Living Program for All Life on the planet, all special interests must be represented – including those that generally have little if any acknowledged voice – the less privileged humans, and the unheard millions of non-human beings. How the proxies of the unheard will be heard has</p>

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	<p>yet to be determined – but we must agree in principle that they too must have representation and considerations within the total Eco-system. No longer can homo sapiens slash and burn all life around them with impunity.</p> <p>Today the tide has turned and Business interests -- especially big business and their national trade organizations -- have thrived over the past 40 years and now are able to exert unbalanced power, especially with respect to political action.</p>
<p>As suggested in the Wall Street Journal article, it has been fairly characteristic of the average business executive to be tolerant -- at least in public -- of those who attack his corporation and the system. Very few businessmen or business organizations respond in kind. There has been a disposition to appease; to regard the opposition as willing to compromise, or as likely to fade away in due time.</p>	<p>It is now time for We-the-People (who in turn represent All Life on the planet by proxy) to come together in a cooperative & collaborative manner, take back our individual and collective rights protected under our Constitution and form a more perfect union that is in right relations with all our living cousins. After all, we humans are totally dependent upon them for our own existence. It is time for a new emergence. It is time that humans come together and create a new Eco-system by forming new relationships among all stakeholders. This new emergence will be a mixed political and economic system – that takes the best features for each contributing components. It will be eclectic in nature, but truly democratic in large part – the includes some top level policy making by elected representative but does not lose the benefits of a connected Capitalism.</p> <p>This new system acknowledges that we have rediscovered the wisdom of the Iroquois that “hoarding (of wealth, power, resources, etc.) is a mental illness” and provides no lasting benefit to the planet. [Hoarding is the accumulation of something beyond that which you really need or can ever utilize – beyond what is prudent to save up for an emergency.] Hence any element of a system that tends toward a gross separation of wealth is neither desirable nor encouraged – in fact mechanisms that promote a separation of wealth, power, etc. are not tolerated in a sustainable living model.</p> <p>One period of modern U.S. history demonstrated that such a social more actually resulted in a thriving economy. During the Eisenhower administration the upper marginal tax bracket for the superwealthy was 92%. If the tax structure of the early 50s were to be reinstated today, there would be no federal budget deficit. Some economists suggest an upper bracket of 73% would be appropriate today for annual</p>

individual earnings above say 10 million (TBR).

Henry Ford had it right when he decided to pay the workers in his enterprise good wages so they could buy the cars they were manufacturing – he did and they did – Growing the middle class was a successful economic model. Driving people into poverty leaves them with no purchasing power – they struggle to merely survive – there is little energy and no means of even a small amount of wealth to purchase the goods they themselves produce.

The new system is based on some universal agreements that are fundamental to a vibrant and thriving eco-system – one such basic principle would be that life on earth respect the life sustaining energy provided by the Sun and make every effort possible to harvest as much of that gift as possible – to continue to explore more “efficient” means to convert the sunlight the sun’s energy to food and other energy we human can use to live in more conscious manner – to experience more joy – to become more conscious and empathetic of each other – human and non-human.

We might say that any square inch or centimeter that sunlight falls upon is an opportunity for life to harvest – that the most vitality can be found when all the earth’s surface respects and fully utilizes this incoming energy – this of course requires some the use of both naturally evolved and human created harvesting methods – the use of natural plants and human plants (solar PV, wind turbines, etc.)

The updated eco-system provides all Life with representation. We are part way there – although the Free Enterprise System has tried mightily to defeat every initiative because it threatens their precious sacrosanct profit margins, - nevertheless there is a band of unorganized advocates who are concerned about giving their special interest a voice – they are referred to by Hawken as the Blessed Unrest. We just need to plug into these advocates to get a sense of the living being they are focused on. These advocates can provide their input and acceptance of proposed legislation / new regulations / laws etc. Capitalism is good. Capitalism is better with a well informed Market. Capitalism with a reasonably informed Market and with some external performance requirements (related to safety, recycling, zero discharge, etc.), and with some tax structure that dis-incentivizes excess profits, etc would be even better for sustainable living. We want corporation and financial institutions to be in right relations with our common Eco-system – after all it feeds

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<p>Business has shunted confrontation politics. Business, quite understandably, has been repelled by the multiplicity of non-negotiable "demands" made constantly by self-interest groups of all kinds.</p>	<p style="color: red;">us, and provides the resources we need to thrive and create and draw profit from.</p> <p>By way of illustration, Kristin Berry invokes the concept of ecological 'guilds'—essentially, categories of animals that occupy particular habitats. Guilds can be classified in various ways: mammals, reptiles, herbivores, carnivores, canids, felines, scavengers, predators, seed eaters, shrub eaters, etc. Any one species is thus a member of several different guilds. A bobcat, for example, is simultaneously a mammal, a carnivore, and a feline. The predominant or "supreme" species in any guild achieves such status through size and numbers—in scientific terms, its biomass. Thus, the descending hierarchy for the carnivore guild on the valleys and alluvial fans of the Mojave Desert consists of (1) the coyote, (2) the kit fox, and (3) the leopard lizard. The herbivore guild for the same environment is (1) the antelope, (2) the tortoise, and (3) the iguana. (Per square mile, the tortoise possesses far greater biomass than the hare.) When the carrying capacity of a habitat is compromised, the biggest members of a guild are the first to disappear. As Berry explains of the overall North American guild: "The condor was the supreme scavenger. The grizzly was the supreme omnivore. The wolf was the supreme canid. The jaguar was the supreme feline. The antelope was the supreme herbivore. In other words, we've wiped off the top of the guild. And now the tortoise is going.</p> <p>"The Mojave: A Portrait of the Definitive American Desert" by David Darlington, Henry Holt And Company New York, 1996.</p> <p>...In the same manner the Plains Indians considered the buffalo as a distinct people the Northwest Coast Indians regarded the salmon as a people. Equality is thus not simply a human attribute but a recognition of the creatureness of all creation.</p> <p>Very important in some of the tribal religions is the idea that humans can change into animals and birds and that other species can change into human beings. In this way species can communicate and learn from each other. Some of these tribal ideas have been classified as witchcraft by anthropologists, primarily because such phenomena occurring within the Western tradition would naturally be interpreted as evil and satanic. What Westerners miss is the rather logical implication of the unity of life. If all living things share a creator and a aeration, is it not logical to suppose that all have the ability to relate to every part of the creation? How Westerners can</p>
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	<p>believe in evolution and not see the logical consequences of this doctrine in the religious life of people is incomprehensible for many Indians. Recent studies with the dolphin and other animals may indicate that Westerners are beginning to shed superstitions and consider the possibility of having communication with other life forms.</p> <p>Walking Buffalo, a Stoney Indian from Canada, explained the nature of the unity of creation and the possibility of communicating with any aspect of creation when he remarked: Did you know that trees talk? Well they do. They talk to each other, and they'll talk to you if you listen. Trouble is, white people don't listen. They never learned to listen to the Indians, so I don't suppose they'll listen to other voices in nature. But I have learned a lot from trees; sometimes about the weather, sometimes about animals, sometimes about the Great Spirit. "</p> <p>Only to the white men was nature a "wilderness"</p> <p>Vine Deloria, Jr., "God is red: a native view of religion" Fulcrum Publishing Golden, Colorado p90</p>
<p>While neither responsible business interests, nor the United States Chamber of Commerce, would engage in the irresponsible tactics of some pressure groups, it is essential that spokesmen for the enterprise system -- at all levels and at every opportunity -- be far more aggressive than in the past.</p>	
<p>There should be no hesitation to attack the Naders, the Marcuses and others who openly seek destruction of the system. There should not be the slightest hesitation to press vigorously in all political arenas for support of the enterprise system. Nor should there be reluctance to penalize politically those who oppose it.</p>	
<p>Lessons can be learned from organized labor in this respect. The head of the AFL-CIO may not appeal to businessmen as the most endearing or public-minded of citizens. Yet, over many years the heads of national labor organizations have done what they were paid to do very effectively. They may not have been beloved, but they have been respected -- where it counts the most -- by politicians, on the campus, and among the media.</p>	

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<p>It is time for American business -- which has demonstrated the greatest capacity in all history to produce and to influence consumer decisions -- to apply their great talents vigorously to the preservation of the system itself.</p>	
<p><u>The Cost</u> The type of program described above (which includes a broadly based combination of education and political action), if undertaken long term and adequately staffed, would require far more generous financial support from American corporations than the Chamber has ever received in the past. High level management participation in Chamber affairs also would be required.</p>	<p><u>The Cost</u> The type of sustainable living program described above (which includes a broadly based combination of education, political action and economic reform – as well as new research devoted to better understanding human nature and our interdependence with All Life), must be undertaken long term and adequately staffed. Such a program, requires far more generous financial support from all stakeholders involved than the Sierra Club has ever received in the past. This program may be so large that it will require a separate organization from the parent organization. Although the American Free Eco-system is the initial priority, its success will serve as a model for a broader/global replication.</p> <p>Until there is more discussion of the program, and a better definition of its scope, and a better understanding of how existing initiatives underway in specific areas of concern can be applied effectively, it is not possible to construct a work breakdown structure and arrive at even a preliminary cost estimate.</p> <p>Considering the fact that the development of a sustainable living program is undoubtedly the most important human endeavour / challenge homo sapiens have ever been confronted with, the plan to survive and thrive, how can you even worry about the “cost” of such a program – it would seem like asking “How much does it cost to buy and deliver life jackets to the people on the Titanic after you hear it has hit an iceberg.”</p>
<p>The staff of the Chamber would have to be significantly increased, with the highest quality established and maintained. Salaries would have to be at levels fully comparable to those paid key business executives and the most prestigious faculty members. Professionals of the great skill in advertising and in working with the media, speakers, lawyers and other specialists would have to be recruited.</p>	<p>The staff of the Sustainable Living program would have to be significantly increased (from the present Sierra Club staff), with the highest quality established and maintained.</p> <p>It is imperative that the staff include representation of ALL stakeholders, including the non-humans who are also represented by proxy. There will be someone who speaks for Earth, who speaks for our Air, our Water, our Land. There will be someone who speaks for all life in the water, all life on the land and in the soil, for all life in the air. There will be someone who speaks for all those being who are less</p>

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	<p>privileged or unable to speak.</p> <p>Salaries would have to be at levels fully comparable to those paid key business executives and the most prestigious faculty members. Professionals of the great skill in advertising and in working with the media, speakers, lawyers and other specialists would have to be recruited.</p>
<p>It is possible that the organization of the Chamber itself would benefit from restructuring. For example, as suggested by union experience, the office of President of the Chamber might well be a full-time career position. To assure maximum effectiveness and continuity, the chief executive officer of the Chamber should not be changed each year. The functions now largely performed by the President could be transferred to a Chairman of the Board, annually elected by the membership. The Board, of course, would continue to exercise policy control.</p>	<p>It is possible that the organization of the Sierra Club itself would benefit from restructuring to accommodate and oversee this Sustainable Living Program.</p> <p>At some point, a separate foundation might be established to take advantage of existing non-profit regulations – since initially this group would be involved primarily in research and planning and education rather than lobbying or other political action, it would be tax exempt. Ideally with the proper representation of stakeholders (e.g. including corporations, financial institutions, etc.), the ideas, the strategies, the social goals, the plans, etc. developed under the program would simply be turned over to the Sierra Club who in turn could work with a truly representative / reformed Republic so that the reforms could be appropriately embedded into the legislation, amendments to the Constitution, etc.</p>
<p><u>Quality Control is Essential</u></p> <p>Essential ingredients of the entire program must be responsibility and "quality control." The publications, the articles, the speeches, the media programs, the advertising, the briefs filed in courts, and the appearances before legislative committees -- all must meet the most exacting standards of accuracy and professional excellence. They must merit respect for their level of public responsibility and scholarship, whether one agrees with the viewpoints expressed or not.</p>	<p><u>Quality Control is Essential</u></p> <p>Essential ingredients of the entire sustainable living program must be responsibility, integrity, empathy, and "quality control." The publications, the articles, the speeches, the media programs, the advertising, the briefs filed in courts, and the appearances before legislative committees -- all must meet the most exacting standards of accuracy and professional excellence. They must merit respect for their level of public responsibility and scholarship, whether one agrees with the viewpoints expressed or not.</p>
<p><u>Relationship to Freedom</u></p> <p>The threat to the enterprise system is not merely a matter of economics. It also is a threat to individual freedom.</p>	<p><u>Relationship to Freedom</u></p> <p>The threat to the Earth's eco-system is not merely a matter of economics. It also is a threat to All Life on Earth. In fact it is more than a threat. Our current behavior is a real and present attack on the interdependent web of Life. The continuation of this attack by homo sapiens on the Earth's eco-system will continue to be fatal to a vast number of additional living species – including billions of our own species. And yes, it also is a threat to individual freedom.</p> <p>As the anthropocentric climate change continues and the sea levels continue to rise,</p>

individuals living near coastal areas will lose their freedom to live in their now underwater homes and lose their freedom to operate their underwater businesses.

The anthropocentric climate change is already evident from recent observations of weather extremes – the purist will remind us that weather must be averaged over a 20-30 period before it is considered as “climate.” However when the last time we had a weather event such as Hurricane Sandy was never, one doesn’t need to wait 30 years to say that something is changing. The same is true of the record breaking summer temperature experienced in the U.S. the summer of 2012. The same is true of the melting ice caps, the sea level rise, the power outages, the extreme rainfall, the number of tornados from a single storm and the extreme droughts we are now seeing. Each of these weather extremes reduces our freedom to live safely in a secure environment.

And another thing. We often forget that to enjoy individual freedom, we also must assume individual responsibilities – with freedom of choice comes responsibility for making choices that do not prevent other beings from living a full life.

Having the freedom to kill to carry a gun that can obviously kill someone carries with it the responsibility to avoid having that gun wrongly kill someone.

Driving a car that can harm someone carries with it the personal responsibility to operate that vehicle safely so that it does no harm to others or their property.

While we are on this topic, using our present day awareness, we now know it is irresponsible to drive a car (or operate any vehicle or piece of machinery or home) that emits CO₂. There are alternative sources of energy to operate these things that do not burn hydrocarbons and emit green house gases that contribute to climate change.

In an ideal Free Enterprise system, that relies solely on the Free Market to guide corporate efforts, the market (that be us) would be perfectly informed and would simply not buy harmful products such

	<p>as vehicles that emit CO₂. In such case, the manufacturers of vehicles that burn hydrocarbons would find that the demand for these vehicles would go to zero (and any profit from making these vehicles would go to zero) so they would stop producing them. The Market (us) would choose to buy electric vehicles and hybrid vehicles that use a hydrogen based liquid fuel for range extension that emit only H₂O as a combustion product rather than CO₂ & H₂O. We would be able to retain our personal freedom of movement, independence associated with a personal vehicle but yet do so responsibly.</p> <p>The price of freedom in this case is taking responsibility for becoming informed, for making the right buyer's choice among the various electric and hybrid options available and for assuring that the source of hydrogen is from a renewable energy source (solar, wind, waterflow, wave action, tides, geothermal, etc.).</p> <p>Political conflicts occur when people want the freedom without the responsibility to become informed buyers – if the Market is not informed, the Free Enterprise system breaks down. Irresponsible uninformed people ruin the Free Enterprise system by making harmful buyer choices and cause the system to do harm.</p> <p>So let's reflect on the social contract currently in place here in the U.S. That contract is embodied in the Constitution that attempts to articulate our individual's civil rights (e.g. to life, liberty, and the pursuit of happiness), by passing laws, regulations, a taxes, or some other "restriction" on personal freedom specifically for those who refuse to take personal responsibility and make choices that do not harm others.</p> <p>Example: Properly informed buyers of garments would not buy an item produced in Bangladesh by underpaid workers, working in unsafe environments, from which retailers could then realize enormous profits. But buyers do not take the responsibility to become informed and as a result the Market (the collection of buyers) allows corporations such as Wal-Mart, GAP, etc. to continue</p>
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	<p>these immoral practices.</p> <p>Only the Market can impose morality on the Free Enterprise system. Let's be clear. The Free Enterprise system is at best amoral; but left to its own devices, it is actually immoral. The Free Enterprise system is based on the fundamental principle of maximizing profit – not seeking a 'fair' profit commensurate of the risk involved in the undertaking, not acting in a manner that is sustainable, not concerned about costs that can conveniently be externalized (ignored), not by being a good citizen beyond the minimum required to have a non-negative public image.</p> <p>The Free Enterprise system will (and does) dump toxic waste from their production process into the common atmosphere, the waterways, the oceans, the soil because there is less profit in zero discharge production (no dumping) plus it is unlikely they (the deliberately limited number of inspectors) will catch the offenders or it is not specifically considered 'illegal' (albeit immoral) under existing statutes or regulations. When /if there are regulations, it is only fitting for the Enterprise to use their accumulated wealth to lobby their elected representatives (even threatening to support their opposition in the next election) to remove these restrictions because it is obviously costing the corporations money and therefore limiting the number of jobs they can offer the local community.</p> <p>Sorry but the historical facts indicate that human nature does not allow the idealized world of Ayn Rand and her John Galt society to exist in the real world where there are a large number of mentally ill people who are hell bent on hoarding (wealth, power, prestige, toys, etc...)</p> <p><i>Wishing it to be is not a strategy nor does it allow a pig to fly.</i></p> <p>Within 50-75 years, petroleum reserves will be nearly depleted. People around the</p>
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	<p>planet will lose their freedom to burn oil.</p> <p>There is more to consider when living on a finite planet with finite resources than individual freedom that American currently worship like a false idol.</p>
<p>It is this great truth -- now so submerged by the rhetoric of the New Left and of many liberals -- that must be re-affirmed if this program is to be meaningful.</p>	<p>It is this great truth -- now so submerged by the rhetoric of those who single mindedly cling to their specific economic (capitalism, socialism, communism) or political (ideological with a New Left and of many liberals -- that must be re-affirmed if this program is to be meaningful.</p>
<p>There seems to be little awareness that the only alternatives to free enterprise are varying degrees of bureaucratic regulation of individual freedom -- ranging from that under moderate socialism to the iron heel of the leftist or rightist dictatorship.</p>	<p>There seems to be little awareness that there is NO alternative to sustainable living if we want our grandchildren and great grandchildren to inhabit this planet and homo sapiens to populate this planet for hundreds of millions of years beyond that.</p> <p>Although there are many unsustainable life styles, including the status quo, any unsustainable way of life means lights out for our species and most likely for evolving consciousness.</p> <p>The good news is that there is no physical law preventing humans from inhabiting this planet for millions of years, if we so choose. It is a simply a matter of summoning the will to change our behavior slightly so that Life continues to thrive on this special planet. We can make the transition to sustainable living.</p> <p style="padding-left: 40px;">It took about 4 months to retro-fit our home so that we now provide all our electrical power from solar PV – we do not burn any hydrocarbons – and our local transportation uses a plug-in hybrid vehicle that is powered by the Sun – we do not burn gasoline for local transportation. It’s a start.</p> <p>The transition to renewable energy is the first and easiest step in transitioning to a sustainable life style. This transition is not an issue that can be put off for another generation – We have met the enemy and they are us.</p> <p>We have no alternative but to understand that all war is obsolete, that consumption of earth’s natural resources is a war on the planet that can no longer be tolerated. Yes, we can borrow as much of earth’s resources that we need for sustainable living, but every atom we borrow must be returned when we are through using it so it is available for future generations. Yes, the human population on the planet must stop growing now – this is a finite planet with finite resources. Sustainable living with</p>

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	<p>today's knowledge indicates that the energy humans need to live (both food and other activities) must be harvested from the Sun (directly or indirectly) – just like every other form of life on this planet does – extracting hydrocarbons from the earth to burn for our energy needs must STOP NOW – there are alternatives. There is plenty of solar energy/wind energy/wave energy/ etc. for humans to live sustainably much as they do today. Hydrocarbons can no longer be burned/consumed – these resources are far too valuable – they must be saved for other uses where the materials can be recycled. Humans must stop burning (see Lovins, Reinventing Fire) and stop introducing CO₂ and other GHGs into the atmosphere.</p> <p>The good news is that there are many ways to live sustainably. Those of us in America tend to prefer a mixed political-economic system rooted in Capitalism and Democracy with a Constitutional form of government. Unfortunately our present forms are not yet consistent with sustainable living and must be modified to respect the laws of the Universe, human nature, and our interdependence with All Life. It's a big challenge – currently our Free Enterprise System is influence by an ill informed market that is unable or unwilling to acknowledge the severity of devastation humans (the market) are having on all life on the planet – including our own. If the market is uninformed and amoral, then the Free Enterprise system left to its own invisible hand will not behave in a sustainable manner – until the market can become sufficiently aware / conscious of the effects of their actions, then some other hand – the visible hand of the informed government must serve on a temporary basis until the market matures. In addition, the political and economic system must eliminate all voter suppression – not just eliminate human voter suppression but all suppression of all stakeholders. In effect, Life that cannot speak has voted us humans to be their representatives, and we must represent them as we in turn elect our representatives. Corporation must open up their Board of Directors to include more appropriate representation.</p> <p>Hoarding must be viewed as a mental illness – the accumulation of anything by an individual does not benefit the whole – be it food, wealth, power, etc.</p>
<p>We in America already have moved very far indeed toward some aspects of state socialism, as the needs and complexities of a vast urban society require types of regulation and control that were quite unnecessary in earlier times. In some areas, such regulation and control already have seriously impaired the</p>	

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<p>freedom of both business and labor, and indeed of the public generally. But most of the essential freedoms remain: private ownership, private profit, labor unions, collective bargaining, consumer choice, and a market economy in which competition largely determines price, quality and variety of the goods and services provided the consumer.</p>	
<p>In addition to the ideological attack on the system itself (discussed in this memorandum), its essentials also are threatened by inequitable taxation, and -- more recently -- by an inflation which has seemed uncontrollable. But whatever the causes of diminishing economic freedom may be, the truth is that freedom as a concept is indivisible. As the experience of the socialist and totalitarian states demonstrates, the contraction and denial of economic freedom is followed inevitably by governmental restrictions on other cherished rights. It is this message, above all others, that must be carried home to the American people.</p>	
<p><u>Conclusion</u> It hardly need be said that the views expressed above are tentative and suggestive. The first step should be a thorough study. But this would be an exercise in futility unless the Board of Directors of the Chamber accepts the fundamental premise of this paper, namely, that business and the enterprise system are in deep trouble, and the hour is late.</p>	<p><u>Conclusion</u> It hardly need be said that the views expressed above are tentative and suggestive, but these views are based on our current understanding of the Universe, its laws of physics, and the observed unsustainable effects of our human system on the larger eco-system. There is a significant problem that appears to worsening exponentially – the product of an increasing global population of homo sapiens and the transition of these humans to the consumptive behavior of ‘developed nations.’</p> <p>The first step should be a thorough study using a Eco-centric perspective – not just a particular narrow economic or political ideology. Obviously this study would be an exercise in futility unless the Board of Directors of the Sierra Club (or similar organization) accepts the fundamental premise of this paper, namely, that Planet Earth’s eco- system is in deep trouble because of the actions of 7 billion homo sapiens, and a coordinated effort by the Blessed Unrest will be required to bring about change within the U.S. as well as a change on the global stage. Indeed the hour is late.</p>

Conclusions

To Be Written (TBW)

Additional Resources:

The **Powell Memo** with an introduction and **Lewis Powell's** footnotes is available on the [Reclaim Democracy](#) website.

Other overviews of the Powell Memo can be found at the following sources:

Lee Drutman and Charlie Cray, [The People's Business: Controlling Corporations and Restoring Democracy](#). San Francisco: Berrett-Koehler, 2004. More information available at: <http://www.bkconnection.com/ProdDetails.asp?ID=1576753093>.

Kim Phillips-Fein, [Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan](#). New York: Norton, 2009. More information available at: http://books.google.com/books/about/Invisible_hands.html?id=CcU7z9jLqXcC.

Jerry Landay, "The Powell Manifesto: How A Prominent Lawyer's Attack Memo Changed America," Media Transparency, August 20, 2002. Available at: <http://old.mediatransparency.org/story.php?storyID=21>.

Lewis H. Lapham, "Tentacles of Rage: The Republican propaganda mill, a brief history," Harpers Magazine, Vol. 309, No. 1852, September, 2004. Available at: <http://www.mindfully.org/Reform/2004/Republican-Propaganda1sep04.htm>.

Mark Schmitt, "The Legend of the Powell Memo," American Prospect, April 25, 2005. Available at: <http://prospect.org/cs/articles?articleId=9606>.

Chip Berlet, "Right-Wing Rollback: The Powell Memo," Z Magazine, October 2009. Available at: <http://www.zcommunications.org/right-wing-rollback-the-powell-memo-by-chip-berlet>.

Dave Wheelock, "The Pencil Warrior: Lewis Powell's Memorandum was a Blueprint for Corporate Takeover," Common Dreams, February 23, 2006. Available at: <http://www.commondreams.org/views06/0223-25.htm>.

Henry A. Giroux, "The Powell Memo and the Teaching Machines of Right-Wing Extremeists," the Commonweal Institute/Truthout, October 1, 2009. Available at: <http://commonwealinstitute.org/archive/the-powell-memo-and-the-teaching-machines-of-right-wing-extremists>.

John Amato, "The Powell Memo," Crooks and Liars, June 23, 2011. Available at: <http://crooksandliars.com/john-amato/powell-memo>.

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"40 Years Since 'Powell Memo' Laid out Corporate Agenda," Institute for Public Accuracy, August 30, 2011. Available at: <http://www.accuracy.org/release/40-years-since-powell-memo-laid-out-corporate-agenda/>.

"Attack on American Free Enterprise System: Background," Media Transparency, December 12, 2008. Available at: <http://old.mediatransparency.org/story.php?storyID=22>.

"The Powell Memo," Twink.org. Available at: <http://www.thwink.org/sustain/manuscript2/PowellMemo.htm>.



APPENDIX A Opportunity - Gini Coefficient of Opportunity

Similar in concept to income Gini coefficient, opportunity Gini coefficient measures inequality of opportunity.^{[31][32][33]} The concept builds on Amartya Sen's suggestion^[34] that inequality coefficients of social development should be premised on the process of enlarging people's choices and enhancing their capabilities, rather than process of reducing income inequality. Kovacevic in a review of opportunity Gini coefficient explains that the coefficient estimates how well a society enables its citizens to achieve success in life where the success is based on a person's choices, efforts and talents, not his background defined by a set of predetermined circumstances at birth, such as, gender, race, place of birth, parent's income and circumstances beyond the control of that individual.

In 2003, Roemer^{[31][35]} reported [Italy](#) and [Spain](#) exhibited the largest opportunity inequality Gini index amongst advanced economies.

APPENDIX B Anthropocentric

1. [Anthropocentric - Merriam-Webster Online](#)

considering human beings as the most significant entity of the universe. 2. : interpreting or regarding the world in terms of human values and experiences ...

2. [anthropocentric - The Free Dictionary](#)

an·thro·po·cen·tric adj. 1. Regarding humans as the central element of the universe. 2. Interpreting reality exclusively in terms of human values ...

3. [Anthropocentric - Dictionary.com](#)

regarding the human being as the central fact of the universe. 2. assuming human beings to be the final aim and end of the universe. 3. viewing and interpreting ...

4. [Anthropocentric - Urban Dictionary:](#)

If a forest was to be cut down to build housing for humans, this would see seen as an **anthropocentric** idea as it only suits and is a benefit to humans.

Example: Clear cutting is an acceptable practice within an **anthropocentric** perspective because it provides (or appears to provide) a benefit to humans. Clear cutting a forest allows us to harvest the trees for making human products such as lumber and paper.

However by using a broader, more inclusive perspective (let's call it an ecocentric perspective), we would acknowledge that clear cutting has an impact on the viability of other life forms (non-human – plant and animal life – including micro organisms) within our interdependent web of life on this planet. Clear cutting will cause unsustainable damage to other live forms that in turn can have a detrimental effect on our own lives. Not to mention the impact on the non-living systems we also depend on for our life (e.g. the alteration of CO₂ sequestration through photosynthesis and the production of Oxygen, the alteration of the habitat for a wide range of wild life and other plant life, the alteration of the water cycle, the alteration of the top soil and micro organisms within, the effect on local streams and rivers from soil erosion, etc. etc. The eco-centric perspective does not negate the anthropocentric perspective; it simple draws a bigger circle around it to reflect our evolving conscious so necessary if we intend to live sustainably on this planet for the next 500 million years. With an eco-centric perspective we find less intrusive ways to harvest mature trees for our human benefit, with a minimal (or zero) down side for the rest of life and the planet.

5. [Anthropocentrism - Wikipedia, the free encyclopedia](#)

Anthropocentrism is the position that human beings are the central or most significant animal species, or the assessment of reality through an exclusively human ...

6. [Anthropocentrism – Pantheist.net](#)

"**Anthropocentrism**" means human chauvinism. Similar to sexism, but substitute "human race" for "man" and "all other species" for "woman." Human chauvinism ...

APPENDIX C Extras

to focus only on their individual lives, or on subsystems such as their own family, their specific country, their political beliefs, their corporate affiliations, their economic philosophy, their religious affiliation, etc.

APPENDIX D Hope?

If God were logically, she would say,

“Doesn’t seem to be any more hope that humans can change their unsustainable behavior based on the past 10,000 years. They just don’t seem to get it. It’s probably time to pull the plug just as I had to do with those damn dinosaurs 70 million years ago. At least the dinos lived sustainably for 100 million years. I had so much hope for these cute little homo sapiens, but they aren’t even going to make it 100,000 years without killing everything around them.

Really thought I had given them some good [mojo](#), a marvelous brain, and a good heart. I hate being wrong, but might as well send in an asteroid and start over.

Wait! Looks like they might be on the verge of getting rid of themselves and saving me the trouble. I think I can hear, “Drill Baby Drill” – “Clean Coal”, “XL Pipe Lines” – it won’t be long now.”

“Think I’ll check how my next Galaxy is doing.”

APPENDIX E Different Types of Economic Systems

Types of economic systems are based upon per capita income, prioritization of individuals to spend their resources and scarcity of both income and resources. The best possible solution to these three potential problems is the basis of a successful economic system. Precedence set by society, its individuals and the government for the attainment of resource mobility and individual freedom is fundamental to the right choice of system for any society.

The first main type of system is planned economy or popularly known as hands on type of system. Examples will include communism, liberal socialism, market socialism, feudalism and state socialism. As the names indicate, it is basically a reserved type of system in which, state exercises its power over resources, individuals as well as cumulative output. From prices to wages and from houses to occupation selection, government is at the helm of affairs. While some of systems included in this category allow the government to assume control of only major industries, others however allow governments to make decisions of every nature. But the role of government is very imposing in this type of system.

The monopoly of individual entrepreneurs is not a very important role player in this system, which results in drastic cuts down of the competition environment. On the other hand people might get basic commodities easily as compared to other systems but running of such a system efficiently remains a daunting task. Market economy or as they popularly call it hands off system is based on the individual investors choice and their decisions. Capitalism, anarcho capitalism, mutualism and non property system are some of the many examples of this system. The role of government is confined till making laws and their implementation, security and provision of

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basic necessities. Government is not interfering with the financial affairs of state. It is not the state responsibility to provide people with a shelter and food. People are themselves responsible for their decisions and the compound effects of these decisions.

The third type of system boasts of the best qualities of both market system as well as command system. It is therefore, named as mixed economic system. Both governments and individual investors are playing their part in the financial progress of society. The state makes policies which are guidelines to move forward in economic arena while the individuals are investing their capitals to achieve the goals of personal as well as monetary prosperity for the society.

Government is playing its role in allocation and effective distribution of resources. Common man is being employed to use these resources and produce the output which is a source of livelihood for investor, worker and a source of income for the government. Almost all modern countries are employing this strategy keeping in mind their own limitations. With nearly half of twentieth century seeing the battle of different types of economic systems, one can now clearly work out the pros and cons of each system. Each system offers some benefits at the cost of other limitations. Making the right choice will solely be dependent on people and their choice of lifestyles.

<http://economicnewsarticles.blogspot.com/2011/02/types-of-economic-systems.html>

economic system: the system of production and distribution and consumption [syn: [economy](#)]

<http://dictionary.reference.com/browse/Economic+system>

<p style="text-align: center;">Economic Systems</p> <p>(http://www.britannica.com/EBchecked/topic/178493/economic-systems)</p>	<p style="text-align: center;">Economic Systems REFRAMED using the UNIVERSE STORY</p>
<p>Indeed, history has produced but three such kinds of economic systems: those based on the principle of tradition, those centrally planned and organized according to command, and the rather small number, historically speaking, in which the central organizing form is the market.</p>	<p>Anthropocentric Perspective of Economic Systems – three kinds</p> <ul style="list-style-type: none"> • traditional, • centrally planned and organized according to command, • central organization provided by the “invisible hand” of the market <p>Eco-centric Perspective of Economic Systems</p> <ul style="list-style-type: none"> • Sustainable and in Right Relations with All Life (Mixed) [Yet to be Developed – But Mandatory]
<p>The very paucity of fundamental modes of economic organization calls attention to a central aspect of the problem of economic “systems”—namely, that the objective to which all economic arrangements must be addressed has</p>	<p>Classical economics contends that “the objective to which all economic arrangements must be addressed</p>

itself remained unchanged throughout human history. Simply stated, this unvarying objective is the coordination of the individual activities associated with provisioning—activities that range from providing subsistence foods in [hunting and gathering societies](#) to administrative or financial tasks in modern industrial systems.

What may be called “the economic problem” is the orchestration of these activities into a coherent social whole—coherent in the sense of providing a social order with the goods or services it requires to ensure its own continuance and to fulfill its perceived historic mission.

has itself remained unchanged throughout human history. Simply stated, this unvarying objective is the coordination of the individual activities associated with provisioning—activities that range from providing subsistence foods in [hunting and gathering societies](#) to administrative or financial tasks in modern industrial systems.”

Eco-centric economics contends that classical economics must now be extended to include a mandatory requirement that ALL actions of homo sapiens associated with “provisioning” must be sustainable (i.e. in right relations with planet Earth and its ecosystem – its interdependent web of life.)

What may be called “the economic problem” is the orchestration of **human** activities into a coherent **global** whole—coherent in the sense of providing **local, regional, national, and global cooperation / collaboration that supports ALL Life with the resources and human products it (ALL LIFE) requires to ensure its own continuance and to fulfill its perceived historic mission of evolving consciousness (a general observation based on the Universe Story).**

Economic systems involve the coordination of activities associated with **sustainable provisioning and recycling of all borrowed resources - in right relations with All Life (the eco-system) on the planet.**

OVERVIEW

Note: The following is intended to present a top level perspective of a non-anthropocentric economic system – this is not attached to any specific political or economic or religious ideology. As a result any number of theories/models can be applied that address the issues below.

Eco-centric Economic Systems include the following human activities :

Step #1 Acquiring the Energy to Live

- Harvesting current / recent Sunlight to support one’s life style / activities; one’s continuance
 - Food
 - Other Energy

	<p>Step #2 Using the Energy – Living Sustainably, Evolving Consciousness</p> <ul style="list-style-type: none">• Learning (i.e. Collective Learning / Extending the Universe Story, Self-Differentiation, Understanding Interdependency, Personal Responsibilities, Empathy, Cooperation/Collaboration, Personal Role / Purpose , Perceived Historical Mission, Non-violent conflict management, Becoming a member of an informed market)• Borrowing Earth’s resources;• Promoting Sustainable Emergence (i.e. Sustainable Production; Sustainable Creation of something more from nothing but Earth’s resources and human ideas as a result of new relationships);• Distributing these Products of Emergence in a sustainable manner;• Returning all of said resources for future generations (Recycling in Right Relations); and• Saving all new awareness / evolved consciousness for future generations (Collective Teaching) <p>There are many candidate economic systems available. The specific ideology used is not important as long as the end result is a system that promotes sustainable living for ALL LIFE on the planet. It is even possible that a variety of economic systems can be incorporated into a range of civil societies.</p> <p>For example:</p> <ol style="list-style-type: none">1) Kenneth Arrow has determined that laissez-faire Capitalism is not an appropriate approach for a medical care system.2) We all have experience with regulated monopolistic for-profit public utility companies – in that particular application the mixed model appears to be working.3) Social Security in the U.S. is an Earned Benefit Program managed by not-for-profit administrators employed by the public. During one’s working years, an individual contributes 12.4% of one’s salary into this savings account / publicly administered annuity program. (Half of the contribution is hidden from the employee and paid directly by the employer – but it obviously comes from the employee’s salary. Those who are self-employed, send in the whole 12.4% directly).
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Republicans/Conservatives try to reframe this Earned Benefit / Annuity Program as an “entitlement” in an attempt to convert it from a “public” program to a “privatized” program where Wall Street can “hold” the money for the 30-40 working years an individual pays into it. It is not a welfare program – it is a funded program. I personally paid into this fund for 40 years and will have to live to age 110 to get all the money out that I paid in – that won’t happen but I am more than happy to live out my life expectancy and leave the proceeds for others less fortunate – people who less able or disabled or

See Fix Social Security Model
<http://www.actuary.org/content/play-social-security-game>



Social coordination can in turn be analyzed as two distinct tasks. The first of these is the production of the goods and services needed by the social order, a task that requires the mobilization of society’s resources, including its most valuable, human effort. Of nearly equal importance is the second task, the appropriate distribution of the product. This distribution not only must provide for the continuance of a society’s labour supply (even slaves had to be fed) but also must accord with the prevailing values of different social orders, all of which favour some recipients of income over others—men over women,

Classical economics suggest that social coordination consists of Two distinct tasks

- production of the goods and services needed by the social order, a task that requires the mobilization of society’s resources, including its most valuable, human effort.
- distribution of the product.

aristocrats over commoners, property owners over nonowners, or political party members over nonmembers.

In standard textbook treatments, the economic problem of production and distribution is summarized by three questions that all economic systems must answer: what goods and services are to be produced, how goods and services are to be produced and distributed, and for whom the goods and services are to be produced and distributed.

...and that the economic problem of production and distribution is summarized in an anthropocentric world by:

Three questions the economic system must answer:

- what goods and services are to be produced,
- how goods and services are to be produced and distributed, and
- for whom the goods and services are to be produced and distributed.

Classical economics suggest that
People create economic systems with incentives that influence individual choices

When we reframe these questions using a broader perspective of the Earth's eco-system, an eco-centric perspective, we might be asking:

- what goods and services are to be produced,
- how goods and services are to be produced and distributed, and
- for whom the goods and services are to be produced and distributed.

Eco-centric Economic Systems include the following human activities :

Step #1 Acquiring the Energy to Live

- Harvesting current / recent Sunlight to support one's life style / activities; one's continuance
 - Food
 - Other Energy

Step #2 Using the Energy – Living Sustainably, Evolving Consciousness

- Learning (i.e. Collective Learning / Extending the Universe Story, Self-Differentiation, Understanding Interdependency, Personal Responsibilities, Empathy, Cooperation/Collaboration, Personal Role / Purpose , Perceived Historical Mission, Non-violent conflict management, Becoming a member of an informed market)
- Borrowing Earth's resources;
- Promoting Sustainable Emergence (i.e. Sustainable **Production**; Sustainable Creation of something more from nothing but Earth's resources and human ideas as a result of new relationships);

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	<ul style="list-style-type: none"> • Distributing these Products of Emergence in a sustainable manner; • Returning all of said resources for future generations (Recycling in Right Relations); and • Saving all new awareness / evolved consciousness for future generations (Collective Teaching)
<p>All modes of accomplishing these basic tasks of production and distribution rely on social rewards or penalties of one kind or another. Tradition-based societies depend largely on communal expressions of approval or disapproval. Command systems utilize the open or veiled power of physical coercion or punishment, or the bestowal of wealth or prerogatives. The third mode—the market economy—also brings pressures and incentives to bear, but the stimuli of gain and loss are not usually within the control of any one person or group of persons. Instead, the incentives and pressures emerge from the “workings” of the system itself, and, on closer inspection, those workings turn out to be nothing other than the efforts of individuals to gain financial rewards by supplying the things that others are willing to pay for.</p>	<h1 style="color: red; margin: 0;">STOPPED</h1>
<p>There is a paradoxical aspect to the manner in which the market resolves the economic problem. In contrast to the conformity that guides traditional society or the obedience to superiors that orchestrates command society, behaviour in a market society is mostly self-directed and seems, accordingly, an unlikely means for achieving social integration. Yet, as economists ever since Adam Smith have delighted in pointing out, the clash of self-directed wills in the competitive market environment serves as an essential legal and social precondition for the market system to operate. Thus, the competitive engagement of self-seeking individuals results in the creation of the third, and by all odds the most remarkable, of the three modes of solving the economic problem.</p>	
<p>Not surprisingly, these three principal solutions—of tradition, command, and market—are distinguished by the distinct attributes they impart to their respective societies. The coordinative mechanism of tradition, resting as it does on the perpetuation of social roles, is marked by a characteristic changelessness in the societies in which it is dominant. Command systems, on the other hand, are marked by their capacity to mobilize resources and labour</p>	

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in ways far beyond the reach of traditional societies, so that societies with command systems typically boast of large-scale achievements such as the Great Wall of China or the Egyptian pyramids. The third system, that in which the market mechanism plays the role of energizer and coordinator, is in turn marked by a historical attribute that resembles neither the routines of traditional systems nor the grandiose products of command systems. Instead, the market system imparts a galvanic charge to economic life by unleashing competitive, gain-oriented energies. This charge is dramatically illustrated by the trajectory of [capitalism](#), the only social order in which the market mechanism has played a central role. In *The Communist Manifesto*, published in 1848, [Karl Marx](#) and [Friedrich Engels](#) wrote that in less than a century the capitalist system had created “more massive and more colossal productive forces than have all preceding generations together.” They also wrote that it was “like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells.” That creative, revolutionary, and sometimes disruptive capacity of capitalism can be traced in no small degree to the market system that performs its coordinative task.

Historical development

Prehistoric and preliterate economic systems

Although [economics](#) is primarily concerned with the modus operandi of the market mechanism, an overview of premarket coordinative arrangements not only is interesting in itself but throws a useful light on the distinctive properties of market-run societies. The earliest and by far the most historically numerous of economic systems has been that of [primitive society](#), for which tradition serves as the central means of bestowing order. Such economic forms of social organization are likely to be far more ancient than [Cro-Magnon](#) people, although a few of these forms are still preserved by such groups as the [Eskimo](#), [Kalahari](#) hunters, and [Bedouin](#). So far as is known, all tradition-bound peoples solve their economic problems today much as they did 10,000 years or perhaps 10,000 centuries ago—adapting by migration or movement to changes in season or climate, sustaining themselves by hunting and gathering or by slash-and-burn agriculture, and distributing their output by reference to well-defined social claims. Elizabeth Marshall Thomas describes this distributive system in **The Harmless People**:

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<p>It seems very unequal when you watch Bushmen divide the kill, yet it is their system, and in the end no person eats more than the other. That day Ukwane gave Gai still another piece because Gai was his relation, Gai gave meat to Dasina because she was his wife’s mother....No one, of course, contested Gai’s large share, because he had been the hunter....No one doubted that he would share his large amount with others, and they were not wrong, of course; he did.</p>	
<p>Besides the shared property that is perhaps the outstanding attribute of these hunting and gathering societies, two further aspects deserve attention. The first concerns their level of subsistence, long deemed to have been one of chronic scarcity and want. According to the still controversial findings of the anthropologist Marshall Sahlins, this notion of scarcity is not true. His studies of several preliterate peoples found that they could easily increase their provisioning if they so desired. The condition usually perceived by contemporary observers as scarcity is felt by preliterate peoples as satiety; Sahlins describes preliterate life as the first “affluent society.”</p>	
<p>A second discernible characteristic of preliterate economic systems is the difficulty of describing any part of their activities as constituting an “economy.” No special modes of coordination distinguish the activities of hunting or gathering or the procedures of distribution from the rest of social life, so there is nothing in Eskimo or Kalahari or Bedouin life that requires a special vocabulary or conceptual apparatus called “economics.” The economy as a network of provisioning activities is completely absorbed within and fully inextricable from the traditional mode of existence as a whole.</p>	
<p><u>Centralized states</u></p>	
<p>Very little is known of the origin of the second of the great systems of social coordination—namely, the creation of a central apparatus of <u>command</u> and rulership. From ancient clusters of population, impressive civilizations emerged in Egypt, China, and India during the 3rd millennium BC, bringing with them not only dazzling advances in culture but also the potent instrument of state power as a new moving force in history.</p>	
<p>The appearance of these centralized states is arguably the single most decisive alteration in economic, and perhaps in all, history. Although tradition still exerted its stabilizing and preserving role at the base of these societies—Adam Smith said that in “Indostan or ancient Egypt...every man was bound by a principle of religion to follow the occupation of his father”—the vast temple</p>	

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<p>complexes, irrigation systems, fortifications, and cities of ancient India and China and of the kingdoms of the Inca and Maya attest unmistakably to the difference that the organizing principle of command brought to economic life. It lay in the ability of centralized authority to wrest considerable portions of the population away from their traditional occupations and to use their labour energies in ways that expressed the wishes of a ruling personage or small elite.</p>	
<p>The creation of these monuments illustrates an important general characteristic of all systems of command. Such systems, unlike those based on tradition, can generate immense surpluses of wealth—indeed, the very purpose of a command organization of economic life can be said to lie in securing such a surplus. Command systems thereby acquire the wherewithal to change the conditions of material existence in far-reaching ways. Prior to the modern era, when command became the main coordination system for socialism, it was typical of such command systems to use this productive power principally to cater to the consumption or to the power and glory of their ruling elites.</p>	
<p>Moral judgments aside, this highly personal disposition of surplus has the further consequence of again resisting any sharp analytic distinction between the workings of the economy of such a society and that of its larger social framework. The methods of what could be termed “economic coordination” in a command system are identical with those that guide the imperial state in all its historical engagements, just as in primitive society the methods that coordinate the activities of production and distribution are indistinguishable from those that shape family or religious or cultural life. Thus, in command systems, as in tradition-based ones, there is no autonomous economic sphere of life separate from the basic organizing principles of the society in general.</p>	
<p>Preconditions for market society</p>	
<p>These general considerations throw into relief the nature of the economic problems that must be resolved in a system of market coordination. Such a system must be distinguished from the mere existence of marketplaces, which originated far back in history. Trading relations between the ancient Levantine kingdoms and the pharaohs of Egypt about 1400 BC are known from the tablets of Tell el-Amarna. A thousand years later Isocrates boasted of the thriving trade of Classical Greece, while a rich and varied network of commodity exchange and an established market for monetary capital were prominent features of Classical Rome.</p>	

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<p>These flourishing institutions of commerce testify to the ancient lineages of money, profit-mindedness, and mercantile groups, but they do not testify to the presence of a market system. In premarket societies, markets were the means to join suppliers and demanders of luxuries and superfluities, but they were not the means by which the provision of essential goods and services was assured. For these purposes, ancient kingdoms or republics still looked to tradition and command, utilizing slavery as a basic source of labour (including captives taken in war) and viewing with disdain the profit orientation of market life. This disdain applied particularly to the use of the incentives and penalties of the market as a means of marshaling labour. Aristotle expressed the common feeling of his age when he declared, “The condition of the free man is that he does not live for the benefit of another.” With the exception of some military service, nonslave labour was simply not for sale.</p>	
<p>The difference between a society with flourishing markets and a market-coordinated society is not, therefore, merely one of attitudes. Before a system orchestrated by the market can replace one built on obedience to communal or authoritarian pressure, the social orders dependent on tradition and command must be replaced by a new order in which individuals are expected to fend for themselves and in which all are permitted—even encouraged—to improve their material condition. Individuals cannot have such aims, much less such “rights,” until the dominant authority of custom or hierarchical privilege has been swept away. A rearrangement of this magnitude entails wrenching dislocations of power and prerogative. A market society is not, consequently, merely a society coordinated by markets. It is, of necessity, a social order with a distinctive structure of laws and privileges.</p>	
<p>It follows that a market society requires an organizing principle that, by definition, can no longer be the respect accorded to tradition or the obedience owed to a political elite. This principle becomes the generalized search for material gain—a striving for betterment that is unique to each individual. Such a condition of universal upward striving is unimaginable in a traditional society and could be seen only as a dangerous threat in a society built on established hierarchies of authority. But, for reasons that will be seen, it is accommodated by, and indeed constitutive of, the workings of a market system.</p>	
<p>The process by which these institutional and attitudinal changes are brought about constitutes a grand theme—perhaps the grand theme—of economic history from roughly the 5th to the 18th and even into the 19th century in</p>	

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<p>Europe. In terms of political history, the period was marked by the collapse of the Roman Empire, the rise of feudalism, and the slow formation of national states. In social terms, it featured the end of an order characterized by an imperial retinue at the top and massive slavery at the bottom, that order's replacement by gradations of feudal vassalage descending from lord to serf, and the eventual appearance of a bourgeois society with distinct classes of workers, landlords, and entrepreneurs. From the economist's perspective, the period was marked by the breakdown of a coordinative mechanism of centralized command, the rise of the mixed pressures of tradition and local command characteristic of the feudal manor, and the gradual displacement of those pressures by the material penalties and rewards of an all-embracing market network. In this vast transformation the rise of the market mechanism became crucial as the means by which the new social formation of capitalism ensured its self-provisioning, but the mechanism itself rested on deeper-lying social, cultural, and political changes that created the capitalist order it served.</p>	
<p>To attempt to trace these lineages of capitalism would take one far beyond the confines of the present subject. Suffice it to remark that the emergence of the new order was first given expression in the 10th and 11th centuries, when a rising mercantile "estate" began to bargain successfully for recognition and protection with the local lords and monarchs of the early Middle Ages. Not until the 16th and 17th centuries was there a "commercialization" of the aristocratic strata, many of whose members fared poorly in an ever more money-oriented world and accordingly contracted marriages with wealthy merchant families (whom they would not have received at home a generation or two earlier) to preserve their social and material status. Of greatest significance, however, was the transformation of the lower orders, a process that began in Elizabethan England but did not take place en masse until the 18th and even the 19th century. As feudal lords became profit-minded landlords, peasants moved off the land to become an agricultural proletariat in search of the best wages obtainable, because traditional subsistence was no longer available. Thus, the market network extended its disciplinary power over "free" labour—the resource that had previously eluded its influence. The resulting social order made it possible for markets to coordinate production and distribution in a manner never before possible.</p>	

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<p>Market systems</p>	
<p>The evolution of capitalism</p>	
<p>From mercantilism to commercial capitalism</p>	
<p>It is usual to describe the earliest stages of capitalism as mercantilism, the word denoting the central importance of the merchant overseas traders who rose to prominence in 17th- and 18th-century England, Germany, and the Low Countries. In numerous pamphlets, these merchants defended the principle that their trading activities buttressed the interest of the sovereign power, even when, to the consternation of the court, this required sending “treasure” (bullion) abroad. As the pamphleteers explained, treasure used in this way became itself a commodity in foreign trade, in which, as the 17th-century merchant Thomas Mun wrote, “we must ever observe this rule; to sell more to strangers than we consume of theirs in value.”</p>	
<p>For all its trading mentality, mercantilism was only partially a market-coordinated system. Adam Smith complained bitterly about the government monopolies that granted exclusive trading rights to groups such as the East India or the Turkey companies, and modern commentators have emphasized the degree to which mercantilist economies relied on regulated, not free, prices and wages. The economic society that Smith described in The Wealth of Nations in 1776 is much closer to modern society, although it differs in many respects, as shall be seen. This 18th-century stage is called “commercial capitalism,” although it should be noted that the word capitalism itself does not actually appear in the pages of Smith’s book.</p>	
<p>Smith’s society is nonetheless recognizable as capitalist precisely because of the prominence of those elements that had been absent in its mercantilist form. For example, with few exceptions, the production and distribution of all goods and services were entrusted to market forces rather than to the rules and regulations that had abounded a century earlier. The level of wages was likewise mainly determined by the interplay of the supply of, and the demand for, labour—not by the rulings of local magistrates. A company’s earnings were exposed to competition rather than protected by government monopoly.</p>	
<p>Perhaps of greater importance in perceiving Smith’s world as capitalist as well as market-oriented is its clear division of society into an economic realm and a political realm. The role of government had been gradually narrowed until Smith could describe its duties as consisting of only three functions: (1) the</p>	

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<p>provision of national defense, (2) the protection of each member of society from the injustice or oppression of any other, and (3) the erection and maintenance of those public works and public institutions (including education) that would not repay the expense of any private enterpriser, although they might “do much more than repay it” to society as a whole. And if the role of government in daily life had been delimited, that of commerce had been expanded. The accumulation of capital had come to be recognized as the driving engine of the system. The expansion of “capitals”—Smith’s term for firms—was the determining power by which the market system was launched on its historic course.</p>	
<p>Thus, The Wealth of Nations offered the first precise description of both the dynamics and the coordinative processes of capitalism. The latter were entrusted to the market mechanism—which is to say, to the universal drive for material betterment, curbed and contained by the necessary condition of competition. Smith’s great perception was that the combination of this drive and counterforce would direct productive activity toward those goods and services for which the public had the means and desire to pay while forcing producers to satisfy those wants at prices that yielded no more than normal profits. Later economists would devote a great deal of attention to the question of whether competition in fact adequately constrains the workings of the acquisitive drive and whether a market system might not display cycles and crises unmentioned in The Wealth of Nations. These were questions unknown to Smith, because the institutions that would produce them, above all the development of large-scale industry, lay in the future. Given these historical realities, one can only admire Smith’s perception of the market as a means of solving the economic problem.</p>	
<p>Smith also saw that the competitive search for capital accumulation would impart a distinctive tendency to a society that harnessed its motive force. He pointed out that the most obvious way for a manufacturer to gain wealth was to expand his enterprise by hiring additional workers. As firms expanded their individual operations, manufacturers found that they could subdivide complex tasks into simpler ones and could then speed along these simpler tasks by providing their operatives with machinery. Thus, the expansion of firms made possible an ever-finer division of labour, and the finer division of labour, in turn, improved profits by lowering the costs of production and thereby encouraging the further enlargement of the firms. In this way, the</p>	

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<p>incentives of the market system gave rise to the augmentation of the wealth of the nation itself, endowing market society with its all-important historical momentum and at the same time making room for the upward striving of its members.</p>	
<p>One final attribute of the emerging system must be noted. This is the tearing apart of the formerly seamless tapestry of social coordination. Under capitalism two realms of authority existed where there had formerly been only one—a realm of political governance for such purposes as war or law and order and a realm of economic governance over the processes of production and distribution. Each realm was largely shielded from the reach of the other. The capitalists who dominated the market system were not automatically entitled to governing power, and the members of government were not entrusted with decisions as to what goods should be produced or how social rewards should be distributed. This new dual structure brought with it two consequences of immense importance. The first was a limitation of political power that proved of very great importance in establishing democratic forms of government. The second, closer to the present theme, was the need for a new kind of analysis intended to clarify the workings of this new semi-independent realm within the larger social order. As a result, the emergence of capitalism gave rise to the discipline of economics.</p>	
<p>From commercial to industrial capitalism</p>	
<p>Commercial capitalism proved to be only transitional. The succeeding form would be distinguished by the pervasive mechanization and industrialization of its productive processes, changes that introduced new dynamic tendencies into the economic system while significantly transforming the social and physical landscape.</p>	
<p>The transformative agency was already present in Smith’s day, observable in a few coal mines where steam-driven engines invented by Thomas Newcomen pumped water out of the pits. The diffusion and penetration of such machinery-driven processes of production during the first quarter of the 19th century has been traditionally called “the” Industrial Revolution, although historians today stress the long germination of the revolution and the many phases through which it passed. There is no doubt, however, that a remarkable confluence of advances in agriculture, cotton spinning and weaving, iron manufacture, and machine-tool design and the harnessing of mechanical</p>	

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<p>power began to alter the character of capitalism profoundly in the last years of the 18th century and the first decades of the 19th.</p>	
<p>The alterations did not affect the driving motive of the system or its reliance on market forces as its coordinative principles. Their effect was rather on the cultural complexion of the society that contained these new technologies and on the economic outcome of the processes of competition and capital accumulation. This aspect of industrialization was most immediately apparent in the advent of the factory as the archetypal locus of production. In Smith’s time the individual enterprise was still small—the opening pages of The Wealth of Nations describe the effects of the division of labour in a 10-man pin factory—but by the early 19th century the increasing mechanization of labour, coupled with the application of waterpower and steam power, had raised the size of the workforce in an ordinary textile mill to several hundreds; by mid-century in the steel mills it was up to several thousands, and by the end of the century in the railways it was in the tens of thousands.</p>	
<p>The increase in the scale of employment brought a marked change in the character of work itself. In Smith’s day the social distance between employer and labourer was still sufficiently small that the very word manufacturer implied an occupation (a mechanic) as well as an ownership position. However, early in the 19th century William Blake referred to factories as “dark Satanic mills” in his epic poem Jerusalem, and by the 1830s a great gulf had opened between the manufacturers, who were now a propertied business class, and the men, women, and children who tended machinery and laboured in factories for 10- and 12-hour stints. It was from the spectacle of mill labour, described in unsparring detail by the inspectors authorized by the first Factory Act of 1802, that Marx drew much of the indignation that animated his analysis of capitalism. More important, it was from this same factory setting, and from the urban squalor that industrialization also brought, that capitalism derived much of the social consciousness—sometimes revolutionary, sometimes reformist—that was to play so large a part in its subsequent political life. Works such as Charles Dickens’s Hard Times (1854) depicted the factory system’s inhumanity and the underlying economic doctrines that supposedly justified it. While these works brought attention to the social problems stemming from industrialization, they also tended to discount the significant improvements in the overall standard of living (as measured by the increases in life expectancy and material comforts) that accompanied</p>	

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<p>modernization. Country life of just a generation earlier had been no less cruel, and in some respects it was more inhuman than the factory system being criticized. Those critics who failed to compare the era of industrialization with the one that immediately preceded it also failed to account for the social and economic progress that had touched the lives of ordinary people.</p>	
<p>The degradation of the physical and social landscape was the aspect of industrialization that first attracted attention, but it was its slower-acting impact on economic growth that was ultimately to be judged its most significant effect. A single statistic may dramatize this process. Between 1788 and 1839 the output of pig iron in Britain rose from 68,000 to 1,347,000 tons. To fully grasp the significance of this 20-fold increase, one has to consider the proliferation of iron pumps, iron machine tools, iron pipes, iron rails, and iron beams that it made possible; these iron implements, in turn, contributed to faster and more dependable production systems. This was the means by which the first Industrial Revolution promoted economic growth, not immediately but with gathering momentum. Thirty years later this effect would be repeated with even more spectacular results when the Bessemer converter ushered in the age of steel rails, ships, machines, girders, wires, pipes, and containers.</p>	
<p>The most important consequence of the industrialization of capitalism was therefore its powerful effect on enhancing what Marx called “the forces of production” —the source of what is now called the standard of living. The Swiss economic demographer Paul Bairoch calculated that gross national product (GNP) per capita in the developed countries rose from \$180 in the 1750s (in dollars of 1960 purchasing power) to \$780 in the 1930s and then to \$3,000 in the 1980s, whereas the per capita income of the less-developed countries remained unchanged at about \$180–\$190 from 1750 to 1930 and thereafter rose only to \$410 in 1980. (This seemingly persistent gap between the richest and the poorest countries, which contradicts the predictions of the standard theory of economic growth, has increasingly occupied the attention of contemporary economists. Although the question is answered in part by explaining that the rich countries have experienced industrialization and the poor ones have not, the question remains why some have experienced industrialization and others have not.)</p>	
<p>The development of industrialization was accompanied by periodic instability in the 18th and 19th centuries. Not surprisingly, then, one side effect of industrialization was the effort to minimize or prevent economic shocks by</p>	

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<p>linking firms together into cartels or trusts or simply into giant integrated enterprises. Although these efforts dampened the repercussions of individual miscalculations, they were insufficient to guard against the effects of speculative panics or commercial convulsions. By the end of the 19th century, economic depressions had become a worrisome and recurrent problem, and the Great Depression of the 1930s rocked the entire capitalist world. During that debacle, GNP in the United States fell by almost 50 percent, business investment fell by 94 percent, and unemployment rose from 3.2 to nearly 25 percent of the civilian labour force. Economists have long debated the causes of the extraordinary increase in economic instability from 1830 to 1930. Some point to the impact of growth in the scale of production evidenced by the shift from small pin factories to giant enterprises. Others emphasize the role of miscalculations and mismatches in production. And still other explanations range from the inherent instability of capitalist production (particularly for large-scale enterprises) to the failure of government policy (especially with regard to the monetary system).</p>	
<p>From industrial to state capitalism</p>	
<p>The perceived problem of inherent instability takes on further importance insofar as it is a principal cause of the next structural phase of the system. The new phase is often described as state capitalism because its outstanding feature is the enlargement in size and functions of the public realm. In 1929, for example, total U.S. government expenditures—federal, state, and local—came to less than one-tenth of GNP; from the 1970s they amounted to roughly one-third. This increase is observable in all major capitalist nations, many of which have reached considerably higher ratios of government disbursements to GNP than the United States.</p>	
<p>At the same time, the function of government changed as decisively as its size. Already by the last quarter of the 19th century, the emergence of great industrial trusts had provoked legislation in the United States (although not in Europe) to curb the monopolistic tendencies of industrialization. Apart from these antitrust laws and the regulation of a few industries of special public concern, however, the functions of the federal government were not significantly broadened from Smith’s vision. Prior to the Great Depression, for example, the great bulk of federal outlays went for defense and international relations, for general administrative expense and interest on the debt, and for the post office.</p>	

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<p>The Great Depression radically altered this limited view of government in the United States, as it had earlier begun to widen it in Europe. The provision of old-age pensions, relief for the hungry and poor, and a dole for the unemployed were all policies inaugurated by the administration of President Franklin D. Roosevelt, following the example of similar enlargements of government functions in Britain, France, and Germany. From the 1970s onward, such new kinds of federal spending—under the designation of social security, health, education, and welfare programs—grew to be 20 to 50 percent larger than the traditional categories of federal spending.</p>	
<p>Thus, one very important element in the advent of a new stage of capitalism was the emergence of a large public sector expected to serve as a guarantor of public economic well-being, a function that would never have occurred to Smith. A second and equally important departure was the new assumption that governments themselves were responsible for the general course of economic conditions. This was a change of policy orientation that also emerged from the challenge of the Great Depression. Once regarded as a matter beyond remedy, the general level of national income came to be seen by the end of the 1930s as the responsibility of government, although the measures taken to improve conditions were on the whole timid, often wrongheaded (such as highly protectionist trade policies), and only modestly successful. Nonetheless, the appearance in that decade of a new economic accountability for government constitutes in itself sufficient reason to describe capitalism today in terms that distinguish it from its industrial, but largely unguided, past.</p>	
<p>There is little doubt that capitalism will continue to undergo still further structural alterations. Technological advances are rapidly reducing to near insignificance the once-formidable barriers and opportunities of economic geography. Among the startling consequences of this technological leveling of the world have been the large displacements of high-tech manufacturing from Europe and North America to the low-wage regions of Southwest Asia, Latin America, and Africa. Another change has been the unprecedented growth of international finance to the point that, by the beginning of the 21st century, the total value of transactions in foreign exchange was estimated to be at least 20 times that of all foreign movements of goods and services. This boundary-blind internationalization of finance, combined with the boundary-defying ability of large corporations to locate their operations in low-wage countries,</p>	

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<p>poses a challenge to the traditional economic sovereignty of nations, a challenge arising from the new capabilities of capital itself.</p>	
<p>A third change again involves the international economy, this time through the creation of new institutions for the management of international economic trade. A number of capitalist nations have met the challenges of the fast-growing international economy by joining the energies of the private sector (including organized labour) to the financial and negotiating powers of the state. This “corporatist” approach, most clearly evident in the organization of the Japanese economy, was viewed with great promise in the 1980s but in the 1990s was found to be severely vulnerable to opportunistic behaviour by individuals in both the public and the private sectors. Thus, at the onset of the 21st century, the consensus on the economic role of government in capitalism shifted back from the social democratic interventionism of the Keynesian system and the managed market economies of the “Asian tigers” (countries such as Hong Kong, Singapore, Malaysia, and South Korea that experienced rapid growth in the late 20th century) to the more noninterventionist model of Adam Smith and the classical economists.</p>	
<p>It is not necessary, however, to venture risky predictions concerning economic policy. Rather, it seems more useful to posit two generalizations. The first emphasizes that capitalism in all its variations continues to be distinguished from other economic systems by the priority accorded to the drive for wealth and the centrality of the competitive mechanism that channels this drive toward those ends that the market rewards. The spirit of enterprise, fueled by the acquisitive culture of the market, is the source of the dynamism of capitalism. The second generalization is that this driving force and constraining mechanism appear to be compatible with a wide variety of institutional settings, including substantial variations in the relationships between the private and public sectors. The form of capitalism taken also differs between nations, because the practice of it is embedded within cultures; even the forces of globalization and the threat of homogenization have proved to be more myth than reality. Markets cater to national culture as much as national culture mutates to conform to the discipline of profit and loss. It is to this very adaptability that capitalism appears to owe its continued vitality.</p>	
<p>Criticisms of capitalism</p>	
<p>Advocates and critics of capitalism agree that its distinctive contribution to history has been the encouragement of economic growth. Capitalist growth</p>	

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<p>is not, however, regarded as an unalloyed benefit by its critics. Its negative side derives from three dysfunctions that reflect its market origins.</p>	
<p>The unreliability of growth</p>	
<p>The first of these problems is already familiar from the previous discussion of the stages of capitalist development. Many critics have alleged that the capitalist system suffers from inherent instability that has characterized and plagued the system since the advent of industrialization. Because capitalist growth is driven by profit expectations, it fluctuates with the changes in technological or social opportunities for capital accumulation. As opportunities appear, capital rushes in to take advantage of them, bringing as a consequence the familiar attributes of a boom. Sooner or later, however, the rush subsides as the demand for the new products or services becomes saturated, bringing a halt to investment, a shakeout in the main industries caught up in the previous boom, and the advent of recession. Hence, economic growth comes at the price of a succession of market gluts as booms meet their inevitable end.</p>	
<p>This criticism did not receive its full exposition until the publication of the first volume of Marx's Das Kapital in 1867. For Marx, the path of growth is not only unstable for the reasons just mentioned—Marx called such uncoordinated movements the “anarchy” of the market—but increasingly unstable. Marx believed that the reason for this is also familiar. It is the result of the industrialization process, which leads toward large-scale enterprises. As each saturation brings growth to a halt, a process of winnowing takes place in which the more successful firms are able to acquire the assets of the less successful. Thus, the very dynamics of growth tend to concentrate capital into ever-larger firms. This leads to still more massive disruptions when the next boom ends, a process that terminates, according to Marx, only when the temper of the working class snaps and capitalism is replaced by socialism.</p>	
<p>Beginning in the 1930s, Marx's apocalyptic expectations were largely replaced by the less-violent but equally disquieting views of the English economist John Maynard Keynes, first set forth in his influential The General Theory of Employment, Interest, and Money (1936). Keynes believed that the basic problem of capitalism is not so much its vulnerability to periodic saturations of investment as its likely failure to recover from them. He raised the possibility that a capitalist system could remain indefinitely in a condition of equilibrium despite high unemployment, a possibility not only entirely novel (even Marx</p>	

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<p>believed that the system would recover its momentum after each crisis) but also made plausible by the persistent unemployment of the 1930s. Keynes therefore raised the prospect that growth would end in stagnation, a condition for which the only remedy he saw was “a somewhat comprehensive socialization of investment.”</p>	
<p>The quality of growth</p>	
<p>A second criticism with respect to market-driven growth focuses on the adverse side effects generated by a system of production that is held accountable only to the test of profitability. It is in the nature of a complex industrial society that the production processes of many commodities generate “bads” as well as “goods”—e.g., toxic wastes or unhealthy working conditions as well as useful products.</p>	
<p>The catalog of such market-generated ills is very long. Smith himself warned that the division of labour, by routinizing work, would render workers “as stupid and ignorant as it is possible for a human creature to become,” and Marx raised the spectre of alienation as the social price paid for subordinating production to the imperatives of profit making. Other economists warned that the introduction of technology designed to cut labour costs would create permanent unemployment. In modern times much attention has focused on the power of physical and chemical processes to surpass the carrying capacity of the environment—a concern made cogent by various types of environmental damage arising from excessive discharges of industrial effluents and pollutants. Because these social and ecological challenges spring from the extraordinary powers of technology, they can be viewed as side effects of socialist as well as capitalist growth. But the argument can be made that market growth, by virtue of its overriding obedience to profit, is congenitally blind to such externalities.</p>	
<p>Equity</p>	
<p>A third criticism of capitalist growth concerns the fairness with which capitalism distributes its expanding wealth or with which it shares its recurrent hardships. This criticism assumes both specific and general forms.</p>	
<p>The specific form focuses on disparities in income among layers of the population. At the turn of the 21st century in the United States, for example, the lowest fifth of all households received only 3.6 percent of total income, whereas the topmost fifth received 49 percent. Significantly, this disparity</p>	

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<p>results from the concentration of assets in the upper brackets. Also, the disparity is the consequence of highly skewed patterns of corporate rewards that typically give, say, chief executive officers of large companies 50 to 100 times more income than those of ordinary office or factory employees. Income disparities, however, should be understood in perspective, as they stem from a number of causes. In its 1995 annual report the Federal Reserve Bank of Dallas observed,</p>	
<p><i>By definition, there will always be a bottom 20 percent, but only in a strict caste society will it contain the same individuals and families year after year.</i></p>	
<p>Moving from specific examples of distribution to a more general level, the criticism may be broadened to an indictment of the market principle itself as the regulator of incomes. An advocate of market-determined distribution will declare that in a market-based society, with certain exceptions, people tend to be paid what they are worth—that is, their incomes will reflect the value of their contribution to production. Thus, market-based rewards lead to the efficiency of the productive system and thereby maximize the total income available for distribution. This argument is countered at two levels. Marxist critics contend that labourers in a capitalist economy are systematically paid less than the value of their work by virtue of the superior bargaining power of employers, so that the claim of efficiency masks an underlying condition of exploitation. Other critics question the criterion of efficiency itself, which counts every dollar of input and output but pays no heed to the moral or social or aesthetic qualities of either and which excludes workers from expressing their own preferences as to the most appropriate decisions for their firms.</p>	
<p>Corrective measures</p>	
<p>Various measures have been taken by capitalist societies to meet these criticisms, although it must be recognized that a deep disagreement divides economists with respect to the accuracy of the criticisms, let alone the appropriate corrective measures to be adopted if these criticisms are valid. A substantial body of economists believe that many of the difficulties of the system spring not from its own workings but from well-meaning attempts to block or channel them. Thus, with respect to the problem of instability, supporters of the market system believe that capitalism, left alone as much as possible, will naturally corroborate the trend of economic expansion that has marked its history. They also expect that whatever instabilities appear tend</p>	

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<p>quickly to correct themselves, provided that government plays a generally passive role. Market-oriented economists do not deny that the system can give rise to qualitative or distributional ills, but they tend to believe that these are more than compensated for by its general expansive properties. Where specific problems remain, such as damage to the environment or serious poverty, the prescription often seeks to utilize the market system itself as the corrective agency—e.g., alleviating poverty through negative income taxes rather than with welfare payments or controlling pollution by charging fees on the outflow of wastes rather than by banning the discharge of pollutants.</p>	
<p>Opposing this view is a much more interventionist approach rooted in generally Keynesian and welfare-oriented policies. This view doubts the intrinsic momentum or reliability of capitalist growth and is therefore prepared to use active government means, both fiscal and monetary, to combat recession. It is also more skeptical of the likelihood of improving the quality or the equity of society by market means and, although not opposing these, looks more favourably on direct regulatory intervention and on specific programs of assistance to disprivileged groups.</p>	
<p>Despite this philosophical division of opinion, a fair degree of practical consensus was reached on a number of issues in the 1950s and '60s. Although there are differences in policy style and determination from one nation to the next, all capitalist governments have taken measures to overcome recession—whether by lowering taxes, by borrowing and spending, or by easing interest rates—and all pursue the opposite kinds of policies in inflationary times. It cannot be said that these policies have been unqualified successes, either in bringing about vigorous or steady growth or in ridding the system of its inflationary tendencies. Yet, imperfect though they are, these measures seem to have been sufficient to prevent the development of socially destructive depressions on the order of the Great Depression of the 1930s. It is not the eradication but the limitation of instability that has been a signal achievement of all advanced capitalist countries since World War II. It should be noted, however, that these remedial measures have little or no international application. Although the World Bank and the International Monetary Fund make efforts on behalf of developing countries, no institution exists to control credit for the world (as do the central banks that control it for individual nations); no global spending or taxing authority can speed up, or hold back, the pace of production for industrial regions as a whole; no agency</p>	

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<p>effectively oversees the availability of credit for the developing nations or the feasibility of the terms on which it may be extended. Thus, some critics of globalization contend that the internationalization of capitalism may exert destabilizing influences for which no policy corrective as yet exists.</p>	
<p>A broadly similar appraisal can be made with respect to the redress of specific threats that emerge as unintended consequences of the market system. The issue is largely one of scale. Specific problems can often be redressed by market incentives to alter behaviour (paying a fee for returning used bottles) or, when the effect is more serious, by outright prohibition (bans on child labour or on dangerous chemical fertilizers). The problem becomes less amenable to control, however, when the market generates unintended consequences of large proportions, such as traffic congestion in cities. The difficulty here is that the correction of such externalities requires the support and cooperation of the public and thereby crosses the line from the economic into the political arena, often making redress more difficult to obtain. On a still larger scale, the remedy for some problems may require international agreements, and these often raise conflicts of interest between the nation generating the ill effects as a by-product of its own production and those suffering from the effects. The problem of acid rain originating in one country but falling in another is a case in point. Again the economic problem becomes political and its control more complicated.</p>	
<p>A number of remedies have been applied to the distributional problems of capitalism. No advanced capitalist country today allows the market to distribute income without supplementing or altering the resulting pattern of rewards through taxes, subsidies, welfare systems, or entitlement payments such as old-age pensions and health benefits. In the United States, these transfer payments, as they are called, amount to some 10 percent of total consumer income; in a number of European nations, they come to considerably more. The result has been to lessen considerably the incidence of officially measured poverty.</p>	
<p>Yet these examples of successful corrective action by governments do not go unchallenged by economists who are concerned that some of the “cures” applied to social problems may be worse than the “disease.” While admitting that the market system fails to live up to its ideal, these economists argue that government correctives and collective decision making must be subjected to the same critical scrutiny leveled against the market system. Markets may fail,</p>	

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<p>in other words, but so might governments. The stagflation of the 1970s, the fiscal crises of some democratic states in the 1980s, and the double-digit unemployment in western Europe in the 1990s set the stage for the 21st century by raising serious doubts about the ability of government correctives to solve market problems.</p>	
<p>Soviet planning</p>	
<p>At the centre of the official planning system was the Gosplan (gos means “committee”), the top economic planning agency of the Soviet state. Above the Gosplan were the political arms of the Soviet government, while below it were smaller planning agencies for the various Soviet republics. The Gosplan itself was staffed by economists and statisticians charged with drawing up what amounted to a blueprint for national economic activity. This blueprint, usually based on a five- to seven-year period, translated the major objectives determined by political decision (electrification targets, agricultural goals, transportation networks, and the like) into industry-specific requirements (outputs of generators, fertilizers, steel rails). These general requirements were then referred to ministries charged with the management of the industries in question, where the targets were further broken down into specific outputs (quantities, qualities, shapes, and sizes of steel plates, girders, rods, wires, and so forth) and where lower-level goals were fixed, such as budgets for firms, wage rates for different skill levels, or managerial bonuses.</p>	
<p>Planning was not, therefore, entirely a one-way process. General objectives were indeed transmitted from the top down, but, as each ministry and factory inspected its obligations, specific obstacles and difficulties were transmitted from the bottom up. The final plan was thus a compromise between the political objectives of the Central Committee of the Communist Party and the nuts-and-bolts considerations of the echelons charged with its execution. This coordinative mechanism worked reasonably well when the larger objectives of the system called for the kind of crash planning often seen in a war economy. The Soviet economy achieved unprecedented rapid progress in its industrialization drive before World War II and in repairing the devastation that followed the war. Moreover, in areas where the political stakes were high, such as space technology, the planning system was able to concentrate skills and resources regardless of cost, which enabled the Soviet Union on more than one occasion to outperform similar undertakings in the West. Yet, charged with the orchestration of a civilian economy in normal peacetime</p>	

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<p>conditions, the system of centralized planning failed seriously.</p>	
<p>Because of its failures, a far-reaching reorganization of the system was set into motion in 1985 by Mikhail Gorbachev, under the banner of perestroika (“restructuring”). The extent of the restructuring can be judged by these proposed changes in the coordinative system: (1) the scope and penetration of central planning were to be greatly curtailed and directed instead toward general economic goals, such as rates of growth, consumption or investment targets, or regional development; (2) planning done for factory enterprises was to be taken up by factories themselves, and decisions were to be guided by considerations of profit and loss; (3) factory managers were no longer to be bound by instructions regarding which suppliers to use or where to distribute their products but were to be free to buy from and to sell to whomever they pleased; (4) managers were also to be free to hire and—more important—to fire workers who had been difficult to discharge; and (5) many kinds of small private enterprises were to be encouraged, especially in farming and the retail trades.</p>	
<p>This program represented a dramatic retreat from the original idea of central planning. One cannot say, however, that it also represented a decisive turn from socialism to capitalism, for it was not clear to what extent the restructured planning system might embody other essential features of capitalism, such as private ownership of the means of production and the exclusion of political power from the normal operations of economic life. Nor was it known to what extent economic perestroika was to be accompanied by its political counterpart, glasnost (“openness”). Thus, the degree of change in both the economic structure and the underlying political order remained indeterminate.</p>	
<p>The record of perestroika over the rest of the 1980s was disappointing. After an initial flush of enthusiasm, the task of abandoning the centralized planning system proved to be far more difficult than anticipated, in part because the magnitude of such a change would have necessitated the creation of a new structure of economic (managerial) power, independent of, and to some extent in continuous tension with, that of political power, much as under capitalism. Also, the operation of the centralized planning system, freed from some of the coercive pressures of the past but not yet infused with the energies of the market, rapidly deteriorated. Despite bumper crops, for example, it was impossible to move potatoes from the fields to retail outlets,</p>	

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<p>so that rations decreased and rumours of acute food shortages raced through Moscow. By the end of the 1980s, the Soviet system was facing an economic breakdown more severe and far-reaching than the worst capitalist crisis of the 1930s. Not surprisingly, the unrest aroused ancient nationalist rivalries and ambitions, threatening the dismemberment of the Soviet economic and political empire.</p>	
<p>As the Soviet central government gradually lost control over the economy at the republic and local levels, the system of central planning eroded without adequate free-market mechanisms to replace it. By 1990 the Soviet economy had slid into near paralysis, and this condition foreshadowed the fall from power of the Soviet Communist Party and the breakup of the Soviet Union itself into a group of independent republics in 1991.</p>	
<p>Attempts to transform socialist systems into market economies began in eastern and central Europe in 1989 and in the former Soviet Union in 1992. Ambitious privatization programs were pursued in Poland, Hungary, Germany, the Czech Republic, and Russia. In many countries this economic transformation was joined by a transition (although with varying degrees of success) to democratic forms of governance.</p>	
<p>Mixed economies</p>	
<p>The socialist turn from planning toward the market provides a fitting initial conclusion to this overview of the typology of economic systems, for it is apparent that the three ideal types—of tradition, command, and market—have never been attained in wholly pure form. Perhaps the most undiluted of these modes in practice has been that of tradition, the great means of orchestration in prestate economic life. But even in tradition a form of command can be seen in the expected obedience of community members to the sanctions of tradition. In the great command systems of the past, as has been seen, tradition supplied important stabilizing functions, and traces of market exchange served to connect these systems to others beyond their borders. The market system as well has never existed in wholly pure form. Market societies have always taken for granted that tradition would provide the foundation of trustworthiness and honesty without which a market-knit society would require an impossible degree of supervision, and no capitalist society has ever existed without a core of public economic undertakings, of which Adam Smith’s triad—defense, law and order, and non-profitable public works—constitutes the irreducible minimum.</p>	

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<p>Thus, it is not surprising that the Soviet Union’s efforts to find a more flexible amalgam of planning and market were anticipated by several decades of cautious experiment in some of the socialist countries of eastern Europe, especially Yugoslavia and Hungary, and by bold departures from central planning in China after 1979. All these economies existed in some degree of flux as their governments sought configurations best suited to their institutional legacies, political ideologies, and cultural traditions. All of them also encountered problems similar in kind, although not in degree, to those of the Soviet Union as they sought to escape the confines of highly centralized economic control. After the Soviet Union abandoned its control over eastern Europe in 1989–90, most of that region’s countries began converting their economies into capitalist-like systems.</p>	
<p>Something of this mixed system of coordination can also be seen in the less-developed regions of the world. The panorama of these economies represents a panoply of economic systems, with tradition-dominated tribal societies, absolute monarchies, and semifeudal societies side by side with military socialisms and sophisticated but unevenly developed capitalisms. To some extent, this spectrum reflects the legacy of 19th-century imperialist capitalism, against whose cultural as well as economic hegemony all latecomers have had to struggle. Little can be ventured as to the outcome of this astonishing variety of economic structures. A few may follow the corporatist model of the Asian tigers and the economies of the Pacific Rim (a group of Pacific Ocean countries and islands that constitute more than half of the world’s population); others may emulate the social democratic welfare states of western Europe; a few will pursue a more laissez-faire approach; yet others will seek whatever method—either market or planned—that might help them establish a viable place in the international arena. Unfortunately, many are likely to remain destitute for some time. In this fateful drama, considerations of culture and politics are likely to play a more determinative role than any choice of economic instrumentalities</p>	
<p>Problems with socialism</p>	
<p>The socialist experiments of the 20th century were motivated by a genuine interest in improving life for the masses, but the results instead delivered untold suffering in terms of economic depravation and political tyranny. Nonetheless, the egalitarian values that inspired the socialist experiments continue to possess great intellectual and moral appeal. And while socialism</p>	

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<p>has proved less attractive than democratic capitalism, many of the most normatively attractive elements of socialism have been incorporated into democratic systems, as evidenced by public support for spending on social programs.</p>	
<p>The chief economic problem of socialism has been the efficient performance of the very task for which its planning apparatus exists—namely, the effective coordination of production and distribution. Modern critics have declared that a planned economy is impossible—i.e., will inevitably become unmanageably chaotic—by virtue of the need for a planning agency to make the millions of dovetailing decisions necessary to produce the gigantic catalog of goods and services of a modern society. Moreover, classical economists would criticize the perverse incentives caused by the absence of private property rights. Precisely such problems became manifest in the late 1980s in the Soviet Union.</p>	
<p>The proposed remedy to the problems of socialism involves the use of market arrangements under which managers are free to conduct the affairs of their enterprises according to the dictates of supply and demand (rather than those of a central authority). The difficulty with this solution lies in its political rather than economic requirements, because the acceptance of a market system entrusted with the coordination of the bulk of economic activity requires the tolerance of a sphere of private authority apart from that of public authority. A market mechanism may be compatible with a society of socialist principles, but it requires that the forms of socialist societies as they now exist be radically reorganized. The political difficulties of such a reorganization are twofold. One difficulty arises from the tensions that can be expected to exist between the private interests, and no doubt the public visions, of the managerial echelons and those of the political regime. The creation of a market is tantamount to the creation of a realm within society into which the political arm of government is not allowed to reach fully.</p>	
<p>Another political difficulty encountered in the move from socialism to the market is the impact on the working class. The establishment of a market system as the major coordinator of economic activity, including labour services, necessarily introduces the use of unemployment as a disciplining force into a social order. Under socialist planning, government commands were used to allocate employment and thereby did not permit the hiring or firing of workers for strictly economic reasons. The problem with this was inefficient production, underemployment, and misallocations of labour. The</p>	

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<p>introduction of a market mechanism for labour is, however, likely to exacerbate class tensions between workers and management. Some socialist reformers tried to overcome these tensions by increasing worker participation in the management of the enterprises in which they worked, but no great successes have been reported. Finally, socialist governments will tend to encounter problems when they come to rely on market coordinative mechanisms, because economic decentralization and political centralization have inherent incompatibilities.</p>	
<p>Assessment</p>	
<p>Economic systems may lose some of the decisive differences that have marked them in the past and come to suggest, instead, a continuum on which elements of both market and planning coexist in different proportions. Societies along such a continuum may continue to designate themselves as either capitalist or socialist, but they are likely to reveal as many similarities as differences in their solutions to economic problems.</p>	
<p><u>Robert L. Heilbroner</u><u>Peter J. Boettke</u><u>Ed.</u></p>	
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<p>Robert L. HeilbronerPeter J. BoettkeEd.</p>	
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APPENDIX F Economics Systems

An **economic system** is the combination of the various institutions, agencies, consumers, entities (or even sectors as described by some authors) that comprise the economic structure of a given [society](#) or community. It also includes how these various agencies and institutions are linked to one another, how information flows between them, and the social relations within the system (including [property rights](#) and the structure of management). A related concept is the [mode of production](#).

The economic system involves [production](#), allocation of economic inputs, [distribution](#) of economic outputs, land availability, households (earnings and expenditure [consumption](#) of [goods](#) and [services](#) in an [economy](#)), financial institutions and government policies. It involves a set of [institutions](#) and their various [social relations](#).

Alternatively, it is the set of principles by which problems of [economics](#) are addressed, such as the [economic problem](#) of [scarcity](#) through allocation of finite productive resources.^[1] An economic system is composed of [people](#), [institutions](#), rules, and relationships. For example, the [convention](#) of [property](#), the institution of government, or the employee-employer relationship. Examples of contemporary economic systems include [capitalist systems](#), [socialist systems](#), and [mixed economies](#). Today the world largely operates under a global economic system based on the [capitalist mode of production](#).

"Economic systems" is the [economics category](#) that includes the study of such systems. It includes [comparative economic systems](#) as a subfield.

Components

There are multiple components to economic systems. Decision-making structures of an economy determine the use of economic inputs (the [means of production](#)), distribution of output, the level of centralization in decision-making, and who makes these decisions. Decisions might be carried out by [industrial councils](#), by a government agency, or by private owners. Some aspects of these structures include:

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- *Coordination mechanism*: How information is obtained and used to coordinate economic activity. The two dominant forms of coordination include [planning](#) and the [market](#); planning can be either centralized or de-centralized, and the two mechanisms are not mutually exclusive.
- *Productive property rights*: This refers to ownership (rights to the proceeds of output generated) and control over the use of the [means of production](#). They may be owned [privately](#), by [the state](#), [by those who use it](#), or [held in common by society](#).
- *Incentive system*: A mechanism for inducing certain economic agents to engage in productive activity; it can be based on either material reward (compensation) or moral reward (social prestige).^[2]

Types

[Marxist-Leninist Communist states](#) (red) and formerly Communist-run (orange) countries of the world.

There are several basic questions that must be answered in order for an economy to run satisfactorily. The [scarcity problem](#), for example, requires answers to basic questions, such as: *what* to produce, *how* to produce it, and *who* gets what is produced. An economic system is a way of answering these basic questions, and different economic systems answer them differently. Many different objectives may be seen as desirable for an economy, like [efficiency](#), [growth](#), [liberty](#), and [equality](#).^[3]

Economic systems can be divided by the way they allocate economic inputs (the [means of production](#)) and how they make decisions regarding the use of inputs. A common distinction of great importance is that between [capitalism](#) (a [market economy](#)) and [socialism](#) ([economic planning](#)).

In a capitalist economic system, production is carried out to maximize private profit, decisions regarding investment and the use of the means of production are determined by competing business owners in the marketplace; production takes place within the process of [capital accumulation](#). The means of production are owned primarily by private enterprises and decisions regarding production and investment determined by private owners in [capital markets](#). Capitalist systems range from laissez-faire, with minimal government regulation and state enterprise, to regulated and social market systems, with the stated aim of ensuring [social justice](#) and a more equitable distribution of [wealth](#) (see [welfare state](#)) or ameliorating market failures (see [economic intervention](#)).

In a socialist economic system, production is carried out to directly satisfy economic demand by [producing goods and services for use](#); decisions regarding the use of the means of production are adjusted to satisfy economic demand, investment (control over the surplus value) is carried out through a mechanism of inclusive collective decision-making. The means of production are either [publicly owned](#), or are owned by the [workers cooperatively](#). A socialist economic system that is based on the process of capital accumulation, but seeks to control or direct that process through state ownership or cooperative control to ensure stability, equality or expand decision-making power, are [market socialist systems](#).

The basic and general economic systems are:

- [Market economy](#) ("hands off" systems, such as [Laissez-faire](#) capitalism)
- [Mixed economy](#) (a hybrid that blends some aspects of both market and planned economies)
- [Planned economy](#) ("hands on" systems, such as [state socialism](#) or [state capitalism](#))

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- [Traditional economy](#) (a generic term for older economic systems)
- [Command \(Centrally Planned\) Economic Systems:](#) (a generic term for older economic systems)
- [Participatory economics](#) (a system where the production and distribution of goods is guided by [public participation](#))
- [Gift economy](#) (where an exchange is made without any explicit agreement for immediate or future rewards)
- [Barter economy](#) (where goods and services are directly exchanged for other goods or services)

APPENDIX G Market – [Britannica.com](#)

market,

a means by which the exchange of goods and services takes place as a result of buyers and sellers being in contact with one another, either directly or through mediating agents or institutions.

Markets in the most literal and immediate sense are places in which things are bought and sold. In the modern industrial system, however, the market is not a place; it has expanded to include the whole geographical area in which sellers compete with each other for customers. [Alfred Marshall](#), whose [Principles of Economics](#) (first published in 1890) was for long an authority for English-speaking economists, based his definition of the market on that of the French economist [A. Cournot](#):

Economists understand by the term Market, not any particular market place in which things are bought and sold, but the whole of any region in which buyers and sellers are in such free intercourse with one another that the prices of the same goods tend to equality easily and quickly.

To this Marshall added:

The more nearly perfect a market is, the stronger is the tendency for the same price to be paid for the same thing at the same time in all parts of the market.

The concept of the market as defined above has to do primarily with more or less standardized commodities, for example, wool or automobiles. The word market is also used in contexts such as the market for real estate or for old masters; and there is the “labour market,” although a contract to work for a certain wage differs from a sale of goods. There is a connecting idea in all of these various usages—namely, the interplay of [supply and demand](#).

Most markets consist of groups of intermediaries between the first seller of a commodity and the final buyer. There are all kinds of intermediaries, from the brokers in the great produce exchanges down to the village grocer. They may be mere dealers with no equipment but a telephone, or they may provide storage and perform important services of grading, packaging, and so on. In general, the function of a market is to collect products from scattered sources and channel them to scattered outlets. From the point of view of the seller, dealers channel the demand for his product; from the point of view of the buyer, they bring supplies within his reach.

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There are two main types of markets for products, in which the forces of supply and demand operate quite differently, with some overlapping and borderline cases. In the first, the producer offers his goods and takes whatever price they will command; in the second, the producer sets his price and sells as much as the market will take. In addition, along with the growth of trade in goods, there has been a proliferation of financial markets, including securities exchanges and money markets.

The market in economic doctrine and history

Market theory

The abstract nature of traditional market theory

The key to the modern concept of the market may be found in the famous observation of the 18th-century British economist [Adam Smith](#) that “The division of labour depends upon the extent of the market.” He foresaw that modern industry depended for its development upon an extensive market for its products. The factory system developed out of trade in cotton textiles, when merchants, discovering an apparently insatiable worldwide market, became interested in increasing production in order to have more to sell. The factory system led to the use of power to supplement human muscle, followed in turn by the application of science to technology, which in an ever-accelerating spiral has produced the scope and complexity of modern industry.

The economic theory of the late 19th century, which is still influential in academic teaching, was, however, concerned with the allocation of existing resources between different uses rather than with technical progress. This theory was highly abstract. The concept of the market was most systematically worked out in a general equilibrium system developed by the French economist [Léon Walras](#), who was strongly influenced by the theoretical physics of his time. His system of mathematical equations was ingenious, but there are two serious limitations to the mechanical analogy upon which they were based: it omitted the factor of time—the effect upon peoples’ present behaviour of their expectations about the future; and it ignored the consequences for the human beings concerned of the distribution of purchasing power among them. Though economists have always admitted the abstract nature of the theory, they generally have accepted the doctrine that the free play of market forces tended to bring about full employment and an optimum allocation of resources. On this view, unemployment could only be caused by wages being too high. This doctrine was still influential in the Great Depression of the 1930s.

Modifications of the theory

The change in view that was to become known as the Keynesian Revolution was largely an escape to common sense, as opposed to abstract theory. In a private-enterprise economy, investment in industrial installations and housing construction is aimed at profitability in the future. Because investment therefore depends upon expectations, unfavourable expectations tend to fulfill themselves—when investment outlay falls off, workers become unemployed; incomes fall, purchases fall, unemployment spreads to the consumer goods industries, and receipts are reduced all the more. The operation of the market thus generates instability. The market may also generate instability in an upward direction. A

high level of effective demand leads to a scarcity of labour; rising wages raise both costs of production and incomes so that there is a general tendency to inflation.

While the English economist [John Maynard Keynes](#) was attacking the concept of equilibrium in the market as a whole, the notion of equilibrium in the market for particular commodities was also being undermined. Traditional theory had conceived of a group of producers as operating in a perfect market for a single commodity; each produced only a small part of the whole supply; for each, the price was determined by the market; and each maximized its profits by selling only as much as would make marginal cost equal to price—that is to say, only so much that to produce a little more would add more to costs than it would to proceeds. Each firm worked its plant up to capacity—*i.e.*, to the point where profitability was limited by rising costs. This state of affairs, known as “[perfect competition](#),” is quite contrary to the general run of business experience, particularly in bad times when under-capacity working is prevalent. A theory of imperfect competition was invented to reconcile the traditional theory with under-capacity working but was attacked as unrealistic. The upshot was a general recognition that strict profit maximizing is impossible in conditions of uncertainty; that prices of manufactures are generally formed by adding a margin to direct costs, large enough to yield a profit at less than capacity sales; and that an increase in capacity generally has to be accompanied by a selling campaign to ensure that it will be used at a remunerative level.

Once it is recognized that competition is never perfect in reality, it becomes obvious that there is great scope for individual variations in the price policy of firms. No precise generalization is possible. The field is open for study of what actually happens, and exploration is going on. Meanwhile, however, textbook teaching often continues to seek refuge in the illusory simplicity of the traditional theory of market behaviour.

The historical development of markets

History and anthropology provide many examples of economies based neither on markets nor on commerce. An exchange of gifts between communities with different resources, for example, may resemble trade, particularly in diversifying consumption and encouraging specialization in production, but subjectively it has a different meaning. Honour lies in giving; receiving imposes a burden. There is competition to see who can show the most generosity, not who can make the biggest gain. Another kind of noncommercial exchange was the payment of tribute, or dues, to a political authority, which then distributed what it had collected. On this basis, great, complex, and wealthy civilizations have arisen in which commerce was almost entirely unknown: the network of supply and distribution was operated through the administrative system. Herodotus remarked that the Persians had no marketplaces.

The distinguishing characteristic of commerce is that goods are offered not as a duty or for prestige or out of neighbourly kindness but in order to acquire purchasing power. It is clearly a convenience to all parties to have a single generally established currency-commodity. Once a commodity is acceptable as money, its use to store purchasing power overshadows its use for its original purpose; it ceases to be a commodity like any other and becomes the very embodiment of value.

The origin of markets

Markets as centres of commerce seem to have had three separate points of origin. The first was in rural [fairs](#). A typical cultivator fed his family and paid the landlord and the moneylender from his chief crop. He had sidelines that provided salable products, and he had needs that he could not satisfy at home. It was then convenient for him to go to a market where many could meet to sell and buy.

The second point was in service to the landlords. [Rent](#), essentially, was paid in grain; even when it was translated into money, sales of grain were necessary to supply the cultivator with funds to meet his dues. Payment of rent was a one-way transaction, imposed by the landlord. In turn, the landlord used the rents to maintain his warriors, clients, and artisans, and this led to the growth of towns as centres of trade and production. An urban class developed with a standard of life enabling its members to cater to each other as well as to the landlords and officials.

The third, and most influential, origin of markets was in [international trade](#). From early times, merchant adventurers (the Phoenicians, the Arabs) risked their lives and their capital in carrying the products of one region to another. The importance of international trade for the development of the market system was precisely that it was carried on by third parties. Within a settled country, commercial dealings were restrained by considerations of rights, obligations, and proper behaviour. In medieval Europe, for example, dealings were regulated in the main by the concept of the “just price,” that is, a system of valuations that assured the producers and merchants an income sufficient to maintain life at a level suited to their respective positions in society. But in trade in which the dealer is not subject to any obligation at either end, no holds are barred; purely commercial principles have free play. It was in trade (for instance, the export of English wool to the weavers of Italy) that the commercial principle undermined feudal conceptions of rights and duties. As Adam Smith observed, a great leap occurred when trade released the forces of industrial production.

Throughout history the relations between the trader and the producer have changed with the development of technique and with changes in the economic power of the parties. The 19th century was the heyday of the import–export merchant. Traders from a metropolitan country could establish themselves in a foreign centre, become experts on its needs and possibilities, and deal with a great variety of producers and customers, on a relatively small scale with each. With the growth of giant corporations, the scope of the merchant narrowed; his functions were largely taken over by the sales departments of the industrial concerns. Nowadays it is common to hold international fairs at which industrial products are displayed for inspection by customers, a grand and glorified version of the village market; the business, however, consists in placing orders rather than buying on the spot and carrying merchandise home. The function of the independent wholesaler, like that of the merchant, has declined as great retail businesses have grown to a scale whereby they can deal directly with manufacturers; but specialized exchanges for primary commodities are still important.

Markets under [Socialism](#)

Markets are essential to the free enterprise system; they grew and spread along with it. The propensity “to truck, barter, and exchange one thing for another” (in Adam Smith’s words) was exalted into a principle of civilization by the doctrine of [laissez-faire](#), which taught that the pursuit

of self-interests by the individual would be to the benefit of society as a whole. In the [Soviet Union](#) and other Socialist countries, a different kind of economy existed and a different ideology was dominant. There were two interlocking systems in the economy of the Soviet Union: one for industry and one for agriculture; and the same pattern was followed, with variations, in the other Socialist countries. Industrially, all equipment and materials were owned by the state, and production was directed according to a central plan. In theory, payments to workers were thought of as their share of the total production of the economy; in practice, however, the system of wages was very much like that in capitalist industry except that rates as a rule were set by decree and the managers of enterprises had little scope for bargaining. Workers might move around looking for jobs, but there was no “labour market” in the capitalist sense. Materials and equipment were distributed among enterprises by the state planning offices. (Faulty planning gave rise to intermediaries who operated between enterprises, but this is not at all the same thing as the highly developed markets in materials, components, and equipment that exist under capitalism.)

Consumption goods, on the other hand, were distributed to Soviet households through a retail market. Though some Socialist idealists, regarding buying and selling as the essence of capitalism, have advocated that money should be abolished altogether, in a large community it has proved to be most convenient to provide incomes in the form of generalized purchasing power and to allow each to choose what he pleases from whatever goods are available. Classical economists usually assert that the advantage of the retail market system is that it runs itself without excessive regulation; consumers who go shopping are in charge of their own money and need account to no one for what they do with it. Retail markets in the Soviet economy differed from those in capitalist economies in that, while in both systems the buyer is in this sense a principal, the seller in the Soviet model was an agent. Retailers and manufacturers all served as agents of the same authority—the central plan. Rather than making it their business to woo and cajole the customer, sellers threw supplies into the shops in a somewhat arbitrary way and customers would search for what they wanted.

Soviet agriculture was organized on principles quite different from those operative for manufacturing. [Collective farms](#), though managed in an authoritarian way, were like [cooperatives](#) in which members shared in the income of their farm in respect to the “work points” each could earn. The value of a work point was affected by the prices set for the products of the farm, and these were politically, rather than only economically, determined. In the Western industrial economies, there is also a political element involved in the setting of agricultural prices; generally the problem here is to prevent excess production from driving prices too low. For the Soviets, the problem was the opposite. There, agricultural output failed to expand rapidly enough to keep pace with the requirements of the growing industrial labour force, and prices were therefore kept down so that they would not be unfavourable to the industrial sector. At the same time, individual members of the collective farms were permitted to sell the produce of their household plots on a free market. In this specific market, the peasant was as much a principal as the buyer.

In [China](#), cooperative farms established after 1949 were much more genuinely cooperatives than were those in the Soviet Union, and trade with the cities in China is organized through a kind of Socialist wholesaling. City authorities place contracts with neighbouring farms, specifying prices, varieties, quantities, and delivery dates, and then direct the supplies to retail outlets, which are part of the Socialist economy. A similar system controls trade in manufactured consumer goods. Through the retail shops, the authorities monitor demand and guide supply as far as possible to meet it by the contracts that they place with the Socialist manufacturers. By adapting the wholesale trade to its own requirements, the Chinese economy seems to have avoided some of the difficulties that the Soviets encountered.

An example of socialism without a formal market was seen in the early days of the cooperative settlements known as [kibbutzim](#) in [Israel](#), where cultivators shared the proceeds of their work without any distinction of individual incomes. (Because a kibbutz could trade with the surrounding market economy, its members were not confined to consuming only the produce of their own soil.) At the outset some of the kibbutzim carried the objection to private property so far that a man who gave a shirt to the laundry received back just some other shirt. But to dispense altogether with market relationships is apparently possible only in a small community in which all share a common ideal, and the austere standards of the original kibbutzim have softened somewhat with growing prosperity; but they still maintain a small-scale example of economic efficiency without commercial incentives.

Commodity markets

The general run of [agricultural](#) commodities is produced under competitive conditions by relatively small-scale cultivators scattered over a large area. The final purchasers are also scattered, and centres of consumption are distant from regions of production. The dealer, therefore, since he is indispensable, is in a stronger economic position than the seller. This situation is markedly true when the producer is a peasant who lacks both commercial knowledge and finance so that he is obliged to sell as soon as his harvest comes in; it is true also, though to a lesser extent, of the capitalist plantation for which the only source of earnings is a particular specialized product. In this kind of business, both demand and supply are said to be inelastic in the short run—that is, a fall in price does not have much effect in increasing purchases and a rise in price cannot quickly increase supplies. Supplies are subject to natural variations, weather conditions, pests, and so forth; and demand varies with the level of activity in the centres of industry and with changes in tastes and technical requirements. Under a regime of unregulated competition such markets are, therefore, tormented with continual fluctuations in prices and volume of business. Though dealers may mitigate this to some extent by building up stocks when prices are low and releasing them when demand is high, such buying and selling often turns into speculation, which tends to exacerbate the fluctuations.

The behaviour of primary commodity markets is a serious matter when whole communities depend upon a single commodity for income or for employment and wages. The agricultural communities that form part of an industrial economy are therefore generally sheltered from the operation of supply and demand by government regulations of various types, price supports, or tariff protection. Though some attempts have been made to control world commodity markets, these are generally more talk than performance. Some nations, [Australia](#) for example, have been able to make enough profit from primary commodity exports to attract capital into the development of industry; but most of the so-called developing countries find their export earnings insecure and insufficient. Their spokesmen complain that the world market system operates in favour of the industrialized nations.

[Joan Violet Robinson](#)

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APPENDIX H The Economic Way of Thinking by John Morton

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Richmond, Virginia

Economics needs a press agent. Although it is taught at every university and is a requirement for elementary and secondary students in 32 states, economics and economists are still mocked in the media and joked about everywhere.

Then why should students study economics? One sort of answer touts economics as a body of knowledge. In the introductory college course, this body of knowledge is called the "principles of economics." In a list prepared for use in K-12 teaching, the National Council on Economic Education's *Framework for Teaching the Basic Concepts* summarizes 22 important concepts.

This content is important, but by itself that may not be enough to clinch a spot for economics in the K-12 curriculum. After all, the school curriculum is already crowded. Why does economics deserve a spot in this "standing- room only" curriculum?

Our answer assumes that economics is much more than a bundle of concepts. **It is a unique way of thinking that offers insights into the seemingly chaotic confusion of human behavior in a world of different values, resources, and cultures.**

Note the emphasis on human behavior. Economics is not the study of money. Almost every aspect of human behavior can be analyzed using an economic approach. It is this distinctive approach, not a definite set of conclusions, that counts.

According to John Maynard Keynes, "The Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its possessor to draw correct conclusions." [1](#)

Keynes doesn't tell us exactly what this "apparatus of the mind" is. But we will take up this challenge and try to describe the essence of the economic way of thinking.

Everything has a cost

This is the basic idea that "there is no such thing as a free lunch," meaning that every action costs someone something--in time, effort, or a lost opportunity to do something else. Opportunity cost is the value of the next-best alternative or what someone gives up by choosing one alternative over another. The economic perspective sometimes is unpopular because of its focus on costs. Potential benefits are more fun to discuss than potential costs. Many a party has been spoiled by assertions of the economic perspective. That perspective reminds us that this can be a world of competing sorrows with more trade-offs than solutions.

People choose for good reasons

This is the most important principle of economic thinking. People always face choices, and when they choose, they look for the most advantageous combination of costs and benefits. This behavior is self-interested, not selfish.

In his Nobel lecture, Gary Becker makes the case this way:

Unlike Marxian analysis, the economic approach I refer to does not assume that individuals are motivated solely by selfishness or material gain. It is a method of analysis, not an assumption about particular motivations.

Along with others, I have tried to pry economists away from narrow assumptions about self-interest. Behavior is driven by a much richer set of values and preferences.

The analysis assumes that individuals maximize welfare as they conceive it, whether they be selfish, altruistic, loyal, spiteful, or masochistic. Their behavior is forward looking, and it is also assumed to be consistent over time.²

The key to this analysis is that only individuals choose; those individual choices drive society. According to Paul Heyne, "All social phenomena emerge from the choices individuals make in response to expected benefits and costs to themselves."³

Incentives matter

Economics is really about incentives. Economic theory is based on the idea that changes in incentives influence behavior in predictable ways. Incentives are nothing more than changes in costs and benefits, which in turn influence choices. Supply and demand analysis is about incentives. Price controls are about incentives. Profits and business behavior are about incentives. Government decisions are about incentives.

According to Steven Landsburg, "Most of economics can be summarized in four words: 'People respond to incentives.' The rest is commentary. 'People respond to incentives' sounds innocuous enough, and almost everyone will admit its validity as a general principle. What distinguishes the economist is his insistence on taking the principle seriously at all times."⁴

People create economic systems to influence choices and incentives

Economic activity doesn't occur in a vacuum. Cooperation among people is governed by written and unwritten rules. As rules change, incentives and behavior change. For example, why have market economies been successful? Market economies depend upon private-property ownership. People work harder and use resources more wisely when they own property. Private property thus creates a whole structure of

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incentives. But rights to own property cannot simply be asserted. Ownership of property depends upon rules that establish and protect property rights. The rules in turn depend upon a system of governance.

People gain from voluntary trade

People trade when they believe the trade will make them better off. When two people trade voluntarily, they each give up something they value for something else they want. The trade is made when both parties consider the benefits of the trade to be greater than the costs.

It is people, not countries, that trade

International trade policy is hotly debated, but the logic of individual trades rarely is disputed. Everyone specializes and trades some of his or her labor for a vast array of goods and services. This system of specialization and exchange makes people better off. Any effective economic system must encourage specialization and exchange. Self-sufficiency is the road to poverty.

The price of a good or service is affected by people's choices

Goods and services do not have intrinsic value; their value is determined by the preferences of buyers and sellers. Economists describe these preferences, and their effects, in terms of supply and demand. Labor, materials, and time are all costs of production and contribute to the price of goods and services. No supplier would willingly produce something that could not be sold for more than it cost to produce. However, consumers are equally important in a market economy. Just as producers want to sell at the highest price, consumers want to buy at the lowest price. The actual price is determined through the interaction of buyers and sellers.

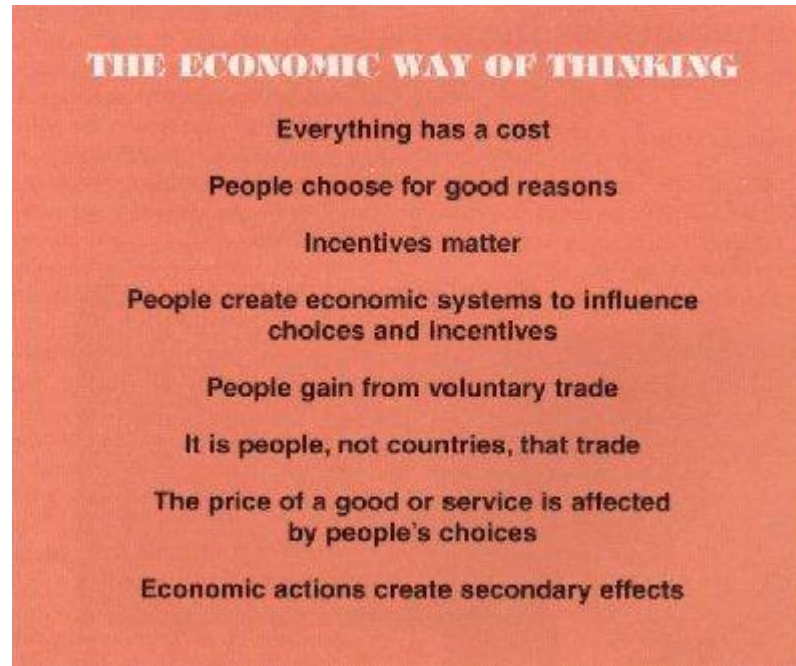
Economic actions create secondary effects

Good economics involves analyzing secondary effects. Frederic Bastiat, a 19th-century economist, stated that "the difference between a good and a bad economist is that the bad economist considers only the immediate, visible effects whereas the good economist is also aware of the secondary effects, effects that are indirectly related to the initial policy and whose influence might only be seen or felt with the passage of time."⁵ In this respect, an economic system is like an ecological system. One action may create many unintended consequences. For example, rent controls make apartments more affordable to some consumers, but those same controls make it less profitable to build and maintain rental housing. The secondary effect is a shortage of apartments and houses to rent. Higher taxes provide more revenue for government, but they also create negative incentives to work, save, and invest. A wise policymaker considers both initial and secondary effects.

Can teachers really teach the economic way of thinking, or is this econ stuff just too abstract to be practical? The principles of an economic way of thinking are only a starting place for teachers to work from. Teachers can't just hand these principles to their students and say, "This is

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economics." They must use creative approaches to apply these ideas to all sorts of situations. That is what the following teaching suggestions accomplish.



4. People create economic systems that influence individual choices and incentives

- Traditional Economy
- Closely tied to the environment
- Choices and Social roles determined by
 - Custom
 - Belief system
 - Status
 - Birth
 - Family
 - Gender

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- **Planned**
(command economy)

The central government makes all decisions regarding the production and consumption of goods and services.
Planned economies are also called command economies

- **Market economy**

Individuals make decisions based on exchange or trade;
these choices determine what gets made and who consumes goods and services.
Market societies are also called free markets or capitalism

- **Mixed economy**

Mixed economies combine elements of traditional, market, and planned economies
Nations rarely fit into a specific category
But can be placed on a continuum
between extremes

APPENDIX I Social Security Solutions Model

Model

The screenshot shows a Firefox browser window with the URL www.actuary.org/content/play-social-security-game. The page has a navigation bar with 'PUBLIC POLICY' and 'PROFESSIONALISM' tabs. The main content area is titled 'Play The Social Security Game' and features the following text:

the Social Security game AMERICAN ACADEMY OF ACTUARIES

You fix it!
Play the Social Security Game!

Social Security's actuaries project that unless the program is fixed, it may not be able to pay full benefits after 2037.

Many solutions have been proposed, but no single approach is likely to succeed alone. Here's a game that lets you decide the trade-offs and construct a solution that will keep Social Security solvent. As you play, you'll learn about popular options for Social Security reform—and you'll find out about the pluses and minuses for each one. Remember that to solve the financial problem, you must create a reform package that totals at least 100 percent.

Good luck!

Continue ▶

v2.5

Firefox | Enphase Energy - Enlighten | Hetrick, ... | Play the Social Security Game | Ameri... | +

www.actuary.org/content/play-social-security-game

PUBLIC POLICY | PROFESSIONALISM

Play The Social Security Game

the **Social Security** game

AMERICAN ACADEMY OF ACTUARIES

Two approaches are vying for your approval:
Benefit reductions and revenue increases.

Benefit reductions

- Gradually increase the retirement age for full benefits.
- Reduce the cost-of-living adjustment.
- Reduce benefits for future retirees.
- Use "progressive indexing" to reduce benefits for some future retirees.

Revenue increases

- Raise payroll tax on workers and employers.
- Increase wages subject to Social Security tax.
- Tax Social Security benefits like pension benefits.
- Include new state and local government workers.

Back | Start game

v.2.6

The screenshot shows a Firefox browser window with the URL www.actuary.org/content/play-social-security-game. The page features a navigation bar with 'PUBLIC POLICY' and 'PROFESSIONALISM' tabs. The main content area is titled 'Play The Social Security Game' and includes the logo for 'the Social Security game' and the 'AMERICAN ACADEMY OF ACTUARIES'.

Benefit reductions

1. Gradually increase the retirement age for full benefits.

- a. Accelerate, by seven years, the currently scheduled increase in retirement age to 67; then gradually increase further until reaching age 70 for those born after 2024.
- b. Accelerate, by one year, the currently scheduled increase to age 67; then index the retirement age to maintain a constant ratio of expected retirement years to work years.
- c. None of the above

Supporters Say
Since Social Security began, life expectancy for 65-year-olds has increased by five to six years and is expected to continue increasing. As Americans continue to live longer and are in better health at older ages, it makes sense to ask people to work longer to claim full retirement benefits.

Opponents Say
This isn't a realistic option for everybody who has a physically demanding job or has some kind of disability. And employers won't want the higher health costs they'd get with an older workforce.

Progress: You've solved **20%** of the problem. A thermometer graphic shows the progress level at 20%.

Navigation buttons include: Benefit reductions, Revenue increases, How am I doing so far?, Back, and Submit.

Firefox ▾ Enphase Energy - Enlighten | Hetrick, ... × Play the Social Security Game | Ameri... × +

www.actuary.org/content/play-social-security-game ☆ Google

PUBLIC POLICY PROFESSIONALISM

Play The Social Security Game

the Social Security game AMERICAN ACADEMY OF ACTUARIES

Benefit reductions

2. Reduce the cost-of-living adjustment (COLA) by ½ percentage point.

a. Yes

b. No

Submit

You've solved 20% of the problem

100
90
80
70
60
50
40
30
20
10

Supporters Say
The annual COLA for Social Security benefits is too high. It's based on a formula that overstates inflation.

Opponents Say
This harms the very elderly, who already have high poverty rates. COLA reductions are cumulative; as retirees age, their purchasing power falls further behind. Besides, the COLA formula has been adjusted, and it's more accurate now.

Benefit reductions

Revenue increases

How am I doing so far?

Back

v.2.6

The screenshot shows a Firefox browser window with the URL www.actuary.org/content/play-social-security-game. The page features a navigation bar with 'PUBLIC POLICY' and 'PROFESSIONALISM' tabs. The main content area is titled 'Play The Social Security Game' and includes the American Academy of Actuaries logo. The game interface is set against a blue background with diagonal lines. On the left, there are buttons for 'Benefit reductions' (highlighted with an orange border), 'Revenue increases', 'How am I doing so far?', and 'Back'. The central panel displays the current question: '3. Reduce benefits by 5% for future retirees.' with two radio button options: 'a. Yes' and 'b. No' (which is selected). A 'Submit' button is located to the right of the options. Below the question, there are two columns of text: 'Supporters Say' and 'Opponents Say'. On the right side of the game area, a thermometer graphic shows a progress level of 20%, with the text 'You've solved 20% of the problem' above it. The version number 'v.2.6' is visible in the bottom left corner of the game interface.

PUBLIC POLICY

PROFESSIONALISM

Play The Social Security Game

the Social Security game

AMERICAN ACADEMY OF ACTUARIES

Benefit reductions

3. Reduce benefits by 5% for future retirees.

a. Yes

b. No

Submit

Supporters Say
Shoring up Social Security is the responsibility of all beneficiaries; everyone should be part of the solution.

Opponents Say
If we cut benefits across the board, the poor will be the hardest hit - they depend on Social Security for all their retirement income. We should cut benefits only as a last resort.

You've solved **20%** of the problem

100
90
80
70
60
50
40
30
20
10

How am I doing so far?

Back

v.2.6

Firefox | Enphase Energy - Enlighten | Hetrick, ... | Play the Social Security Game | Ameri... | +

www.actuary.org/content/play-social-security-game

Google

PUBLIC POLICY | PROFESSIONALISM

Play The Social Security Game

the **Social Security** game

AMERICAN ACADEMY OF ACTUARIES

Benefit reductions

4. Use 'progressive indexing' to reduce benefits for future retirees.

- a. Yes. Reduce benefit formula for the top half of earners.
- b. No. Keep the current system.

Submit

Supporters Say
This preserves Social Security's safety net for those who need it most. It makes benefits grow more slowly for middle- and high-income retirees, who often have other sources of income. It's an equitable solution that causes minimum pain.

Opponents Say
Middle-income retirees will get much less than they would have under the current system. Eventually, this will change Social Security dramatically, making it more of a need-based program than a universal one.

You've solved **20%** of the problem

100
90
80
70
60
50
40
30
20
10

Benefit reductions

Revenue increases

How am I doing so far?

Back

v.2.6

The screenshot shows a Firefox browser window with the URL www.actuary.org/content/play-social-security-game. The page features a navigation bar with 'PUBLIC POLICY' and 'PROFESSIONALISM' tabs. The main content area is titled 'Play The Social Security Game' and includes the American Academy of Actuaries logo. The game interface is set against a blue background with diagonal lines. On the left, there are buttons for 'Benefit reductions', 'Revenue increases' (highlighted with an orange border), 'How am I doing so far?', and 'Back'. The central panel displays the question: '5. Raise the payroll tax rate from 6.2% to 6.7%, both for workers and employers.' with radio button options 'a. Yes.' and 'b. No.'. Below the question are two columns of text: 'Supporters Say' and 'Opponents Say'. A 'Submit' button is located to the right of the question. On the right side of the game panel, a thermometer graphic shows 'You've solved 68% of the problem'. The version number 'v.2.6' is visible in the bottom left corner of the game panel.

Firefox ▾ e Enphase Energy - Enlighten | Hetrick, ... x Play the Social Security Game | Ameri... x +

www.actuary.org/content/play-social-security-game ☆ Google

PUBLIC POLICY PROFESSIONALISM

Play The Social Security Game

the Social Security game AMERICAN ACADEMY OF ACTUARIES

Revenue increases

6. Increase wages subject to Social Security tax.

- a. Gradually raise annual earnings cap (now \$106,800) to cover 90% of all wages (current cap covers about 83% of all wages). Use the higher cap for calculating benefits too.
- b. Eliminate cap and pay Social Security tax on all taxed earnings. But calculate benefits only on earnings up to the current-law cap.
- c. None of the above

Submit

You've solved 100% of the problem

100
90
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Supporters Say
This affects only high-income workers, who can best afford to pay more taxes. It doesn't make sense to exempt the highest earnings from Social Security tax when we're trying to shore up the program.

Opponents Say
This makes Social Security a worse deal for high-income workers, who will see little return on the extra tax they pay. Employers don't want to pay higher taxes, either. Support for Social Security will gradually erode.

Benefit reductions
Revenue increases
How am I doing so far?
Back

v.2.6

PUBLIC POLICY PROFESSIONALISM

Play The Social Security Game

the Social Security game AMERICAN ACADEMY OF ACTUARIES

Here are your results: **YOU'VE SOLVED 100% OF THE PROBLEM**

Benefit reductions

1. Gradually increase the retirement age for full benefits. **20%**
2. Reduce the cost-of-living adjustment (COLA) by $\frac{1}{2}$ percentage point. **0%**
3. Reduce benefits by 5% for future retirees. **0%**
4. Use 'progressive indexing' to reduce benefits for future retirees. **0%**

Revenue increases

5. Raise the payroll tax rate from 6.2% to 6.7%, both for workers and employers. **48%**
6. Increase wages subject to Social Security tax. **37%**
7. Tax Social Security benefits like pension benefits. **0%**
8. Include new state and local government workers. **0%**

Benefit reductions

Revenue increases

How am I doing so far?

Back

v.2.0

Resources About Social Security

Financial sustainability and other topics related to the Social Security program.

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

[Understanding the Assumptions Used to Evaluate Social Security's Financial Condition](#)

Social Security Committee issue brief examining the assumptions used to evaluate Social Security's financial condition. (May 31, 2012)

[Significance of the Social Security Trust Funds](#)

Social Security Committee issue brief on the significance of the Social Security trust funds. (May 31, 2012)

[An Actuarial Perspective on the 2012 Social Security Trustees' Report](#)

Social Security Committee issue brief examining the 2012 Social Security Trustees Report. (May 31, 2012)

[Voter Guide - Social Security Reform](#)

Voter guide on Social Security to help explain Social Security reform proposals during this election year. (May 7, 2012)

[Letter on Social Security to President Obama, Congress and Joint Select Committee on Deficit Reduction](#)

Academy letter urging the president, congressional leaders, and the Joint Select Committee on Deficit Reduction to improve the long-term solvency and sustainability of Social Security. (September 22, 2011)

[Second Follow-up Letter to House Subcommittee on Academy's Social Security Congressional Testimony](#)

Second follow-up letter to Chairman Johnson and Ranking Member Becerra of the House Ways and Means Subcommittee on Social Security regarding Academy's congressional testimony. (August 26, 2011)

[Letter Following Up Academy Congressional Testimony on Social Security to House Subcommittee](#)

Letter following up Academy congressional testimony to House Ways and Means Subcommittee on Social Security. (August 15, 2011)

[Automatic Adjustments to Maintain Social Security's Long-Range Actuarial Balance](#)

Social Security Committee issue brief on automatic adjustment mechanisms that could help address actuarial balance challenges facing Social Security. (August 4, 2011)

[Congressional Testimony on Social Security's Solvency](#)

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

Public Interest Committee Chairperson testimony to the U.S. House Committee on Ways and Means Subcommittee on Social Security. Tom Terry, the Committee Chairperson, told the subcommittee that actuaries believe it necessary for policymakers to act promptly in considering options for putting Social Security on a path toward sustainable solvency.

- [Written testimony](#)
- [News release](#)
- Follow-up [letter](#) to Subcommittee Chairman Johnson and Ranking Member Becerra
- Second [follow-up letter](#) to Subcommittee Chairman Johnson and Ranking Member Becerra

(July 8, 2011)

[An Actuarial Perspective on the 2011 Social Security Trustees' Report](#)

Social Security Committee issue brief highlighting the 2011 Social Security Trustees Report and outlining the public policy options to address Social Security's long-term financial soundness. (May 26, 2011)

[An Actuarial Perspective on the 2011 Social Security Trustees Report](#)

Pension Practice Council's presentation slides for the [Capitol Hill briefing: An Actuarial Perspective on the 2011 Social Security Trustees Report](#). Presenters from the Academy's Social Security Committee shared insights on the [2011 Social Security Trustees Report](#) and presented reform options that, if enacted now, could help address Social Security's long-term financial soundness.

(May 26, 2011)

[An Actuarial Perspective on the 2010 Social Security Trustees' Report](#)

Social Security Committee issue brief on the 2010 Social Security Trustees' Report. (October 15, 2010)

[Raising the Retirement Age for Social Security](#)

Social Insurance Committee updated issue brief examining the potential effects of increasing the retirement age for Social Security. (October 4, 2010)

[Social Security Reform: Possible Changes in the Benefit Formulas and Taxation](#)

Social Insurance Committee issue brief on changes to the benefit formula and taxation of benefits under proposed social security reform. (June 1, 2010)

[Letter to FOX News Responding to Report on Social Security Cost of Living Adjustments](#)

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

Academy letter to FOX News responding to a news segment about the determination of cost of living adjustments (COLAs) for Social Security. (September 4, 2009)

[Letter to Rep. Weiner on Social Security's Annual Cost of Living Adjustments](#)

Academy letter to Rep. Anthony Weiner concerning his comments about Social Security's annual cost-of-living adjustments (COLAs). (September 4, 2009)

[Understanding the Assumptions Used to Evaluate Social Security's Financial Condition](#)

Social Insurance Committee issue brief on assumptions used to project Social Security's financial condition (updates a 2001 issue brief.) (September 1, 2009)

[Comments to FASAB on Exposure Draft of Accounting for Social Insurance](#)

Social Security Committee comment letter to the Federal Accounting Standards Advisory Board (FASAB) responding to an Exposure Draft: Accounting for Social Insurance. (June 3, 2009)

[Actuaries Advocate Raising Social Security's Retirement Age](#)

The Academy issued a public interest statement urging policymakers to immediately address Social Security's long-term financial problems by raising the retirement age to reflect increasing longevity. (August 4, 2008)

[Suggested Changes to "Thinking of Retiring" Special Insert for Workers 55 or Older](#)

Pension Committee and Social Security Committee joint work group document addressing better ways to educate the public about retirement planning. The committees suggest changes to current Social Security publications, specifically the "Thinking of Retiring?" special insert to the annual Social Security Statement for workers 55 or older and the "When to Start Receiving Retirement Benefits" publication (05-10147). (July 1, 2008)

Financial sustainability and other topics related to the Social Security program.

[An Actuarial Perspective on the 2008 Social Security Trustees' Report](#)

Social Insurance Committee annual issue brief offering an actuarial perspective on the Social Security Trustees Report. (May 1, 2008)

[Social Security: Evaluating the Structure for Basic Benefits](#)

Social Security Committee issue brief evaluating the structure of basic Social Security benefits. (September 1, 2007)

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

[Women and Social Security](#)

Social Security Committee issue brief examining Social Security benefits for women. (July 2, 2007)

[An Actuarial Perspective on the 2007 Social Security Trustees' Report](#)

Social Insurance Committee annual issue brief offering an actuarial perspective on the Social Security Trustees Report. (May 1, 2007)

[Investing Social Security Assets in the Securities Markets](#)

Social Security Committee issue brief on Investing Social Security Assets in the Securities Market.
(March 1, 2007)

[Social Security Reform Options](#)

Social Insurance Committee monograph presenting an overview of proposed reforms to the Social Security program. (January 1, 2007)

[A Guide to the Use of Stochastic Models in Analyzing Social Security](#)

Social Security Committee issue brief on the use of stochastic models in analyzing Social Security.
(October 1, 2005)

[Congressional Testimony on Strengthening Social Security](#)

Senior Pension Fellow testimony to the House Ways and Means Subcommittee on Social Security on the topic of protecting and strengthening Social Security. (June 14, 2005)

[Election 2004: A Guide to Analyzing the Issues - The Questions Candidates Should Answer about...Social Security Reform](#)

Social Insurance Committee 2004 election guide on "The Questions Candidates Should Answer About ... Social Security Reform." (March 1, 2004)

[Means Testing for Social Security](#)

Social Security Committee issue brief examining means testing for Social Security, updating a 1996 issue brief. (January 1, 2004)

[Social Adequacy and Individual Equity in Social Security](#)

Social Security Committee issue brief examining social adequacy and individual equity in Social Security (updates a 1998 issue brief.) (January 1, 2004)

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

[Comments to Social Security Trustees on Recommendation for Measuring Unfunded Obligations](#)

Letter to the Social Security trustees about a technical panel recommendation on measuring unfunded obligations. (December 19, 2003)

[Comments on Draft of IAA Guidelines for Social Security Programs](#)

Workers' Compensation Subcommittee letter to the Social Security Committee of the International Actuarial Association (IAA) regarding draft IAA guidelines of actuarial practice for social security programs. (October 7, 2002)

[Comments to IAA on Proposed Guidelines for Social Security Programs](#)

Workers' Compensation Subcommittee letter to the International Actuarial Association (IAA) regarding draft IAA guidelines of actuarial practice for social security programs. (September 27, 2002)

[Automatic Adjustments to Maintain Social Security's Long-Range Actuarial Balance \(September 2002; an update of a 1998 issue brief\)](#)

Automatic Adjustments to Maintain Social Security's Long-Range Actuarial Balance (September 2002; an update of a 1998 issue brief) (September 2, 2002)

[Quantitative Measures for Evaluating Social Security Reform Proposals](#)

Social Security Committee issue brief examining quantitative measures for evaluating Social Security reform proposals. (April 1, 2002)

[Annuitization of Social Security Individual Accounts](#)

Social Security Committee issue brief examining annuitization of Social Security individual accounts. (November 1, 2001)

[Social Security Reform: Trust Fund Investments](#)

Social Insurance Committee issue brief focusing on trust fund investments in Social Security reform, a revision of a 1998 issue brief. (December 1, 2000)

[Congressional Testimony on Efforts to Inform the Public About Social Security](#)

Senior Pension Fellow's testimony to the House Ways and Means Subcommittee on Social Security regarding efforts to inform the public about Social Security. (April 11, 2000)

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

[Speech on Social Security Options at Congressionally Sponsored Town Forum](#)

Speech by Ron Gebhardt, Senior Pension Fellow at the Academy, on "Social Security Options and Their Effects on Different Demographic Groups" prepared for a congressionally sponsored town forum. (June 21, 1999)

Financial sustainability and other topics related to the Social Security program.

[Academy Comments on Social Security Reform Options and Implications for Women](#)

Academy comments prepared for a nationwide teleconference on women and Social Security. (January 23, 1999)

[Letter to Ways and Means Committee on Impacts of Raising Retirement Ages](#)

Academy letter to Chairman Jim Bunning of the House Ways and Means Subcommittee on Social Security following up on questions related to congressional testimony about retirement ages. (July 9, 1998)

APPENDIX J Who Speaks for Earth?

Who speaks for Earth?

Who speaks for the non-human living species that are essential for our own human existence?

Who speaks for the air we breathe, the water we drink, the land we live on?

Our current social system is outdated and must be modified as soon as possible to reflect today's awareness of the interdependent web of life. We can no longer afford to live anthropocentric lives – lives that arrogantly consider only our own personal pleasures.

William O. Douglas

The following is extracted from "God is Red: Appendix I", by Vine Deloria

[Sierra Club vs. Morton](#) involved federal approval of the extensive ski development in the Mineral King Valley in the Sequoia National Forest.

In this suit, Justice William O. Douglas dissented from the majority and wrote what may come to be regarded in later years as the first major effort in the history of American jurisprudence to incorporate a contemporary understanding of nature into law.

Douglas' effort to redefine man's relationship with nature by recognizing the standing of a particular feature of nature to sue is a fascinating review of the many nonhuman entities that have been recognized in law for commercial and criminal purposes. It would have, or at least should have, according to

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

Justice Douglas, been a natural step to come full circle and vest in the lands and rivers themselves a legal power to be represented in the courts of the land.

Excerpts from Douglas' opinion are reproduced below:

MR. JUSTICE DOUGLAS, dissenting.

...The critical question of “standing’ would be simplified and also put neatly in focus if we fashioned a federal rule that allowed environmental issues to be litigated before federal agencies or federal courts in the name of the inanimate object about to be despoiled, defaced, or invaded by roads and bulldozers and where injury is the subject of public outrage.

Contemporary public concern for protecting nature’s ecological equilibrium should lead to the conferral of standing upon environmental objects to sue for their own preservation.

Douglas goes to cite a number of examples where inanimate things have acquired a legal standing

...The ordinary corporation is a “person” for purposes of the adjudicatory process, whether it represents proprietary, spiritual, esthetic, or charitable causes.

So it should be as respects valleys, alpine meadows, rivers, lakes, estuaries, beaches, ridges, groves of trees, swampland, or even air that feels the destructive pressures of modern technology and modern life.

The river, for example, is the living symbol of all the life it sustains or nourishes—fish, aquatic insects, water ouzels, otter, fisher, deer, elk, bear, and all other animals, including man, who are dependent on it or who enjoy it for its sight, its sound, or its life. The river as plaintiff speaks for the ecological unit of life that is part of it. Those people who have a meaningful relation to that body of water—whether it be a fisherman, a canoeist, a zoologist, or a logger—must be able to speak for the values which the river represents and which are threatened with destruction.

The voice of the inanimate object, therefore, should not be stilled, that does not mean that the judiciary takes over the managerial functions from the federal agency. It merely means that before these priceless bits of Americana (such as a valley, an alpine meadow, a river, or a lake) are forever lost or are so transformed as to be reduced to the eventual rubble of our urban environment the voice of the existing beneficiaries of these environmental wonders should be heard.

.... Ecology reflects the land ethic; and Aldo Leopold wrote in *A Sand County Almanac* 204 (1949), “The land ethic simply enlarges the boundaries of the community to include soils, waters, plants, and animals, or collectively, the land.”

That, as I see it, is the issue of “standing” in the present case and controversy.

Attack on American Free Enterprise System, by Lewis F. Powell, Jr. - Reframed

“The Supreme Court held that the Sierra Club, in its corporate capacity, lacked standing, but that it may sue on behalf of any of its members who had individual standing because the government action affected their aesthetic or recreational interests. However, the Sierra Club had failed to state in its complaint that any of its members had ever visited Mineral King, even though several members had used it for recreational purposes and even owned property in the nearby area, and so it lost. Justice Stewart, who delivered the opinion of the Court, did agree with the dissenters to the addition of a footnote in the official opinion that did specify that Sierra Club could amend its complaint on remand. [See: *Sierra Club v. Morton* 405 U.S. 727 (1972)]

Although the Sierra Club lost the case, as a practical matter they won the war. [It would appear that] All any environmental group needs to assert standing in a natural resource matter is to find among their membership **a single person with a particularized interest** (e.g. one who hikes, hunts, fishes, or camps in or near the affected area).” Ref *Sierra Club v. Morton*, http://en.wikipedia.org/wiki/Sierra_Club_v._Morton

Edward Abbey

“Thinking of bighorn sheep, grizzly bear, pronghorn antelope, whitetail deer, javelin, coatimundi, golden eagle, redtail hawk, peregrine falcon, California condor, blackfooted ferret, gray whale, eland, elephant, zebra, giraffe, gazelle, ibex, Siberian tiger, rhinoceros, water buffalo ... and back to the American buffalo the bison.

Most of these threatened with extinction before the end of another century. Too bad, they say. Human expansion requires it, they say.

Human progress and well-being are more important than preservation of obsolete and uneconomic species, they say. False, I say. The defense of wildlife is a moral issue. All beings are created equal, I say All are endowed by their Creator (call that God or call it evolution) with certain inalienable rights; among these rights are life, liberty and the pursuit—each in its own way—of reproductive happiness. “

pg. 39 “Beyond the wall.” by Edward Abbey Henry Holt and Company, LLC 1984

APPENDIX K ALEC

[ALEC](#) is a corporate bill mill. It is not just a lobby or a front group; it is much more powerful than that. Through ALEC, corporations hand state legislators their wishlists to benefit their bottom line. Corporations fund almost all of ALEC's operations. They pay for a seat on ALEC task forces where corporate lobbyists and special interest reps vote with elected officials to approve “model” bills. Learn more at the Center for Media and Democracy's [ALECExposed.org](#), and check out breaking news on our [PRWatch.org site](#).