
THE ECONOMICS OF ABUNDANCE

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We are living in a world of astonishingly expansive technology and scientific capacity. In these first decades we have had a little hint of the possibility that scarcity is no longer the condition of mankind. This change will affect all our institutions and our ways of thinking about practically everything. We have to realize that there is not only a population explosion but an equally explosive growth in the possibilities of our resources. We are operating a world in which, potentially, scarcity is ended, but we are still operating under a system in which most of our institutions are grounded in scarcity. True, in underdeveloped countries scarcities are still the rule, but not in the West. However, our master institutions still reflect poverty. The nation state grew up in a time of intense economic rivalry in which economic development in one area took place at the expense of other areas. The whole theory was based on «my loss, your gain». And one of the great break-throughs in economic theory was the brilliant realization of Adam Smith that on the contrary one nation's gain was everybody's gain. This profoundly influenced a whole set of policies in the early days of industrialism, all tending towards a free world economy. But it was defeated later by the fear of economic scarcity still incorporated in competing nation states. Yet I think Adam Smith must be given the credit of being the first man who had a sense of what vast abundance the new exchange of goods, division of labour and increase of productivity could accomplish. For instance the common market—one of the most hopeful experiments in the post-war world—is precisely an attempt to get away from the limited national market—which is now inappropriate to the possibilities of European expansion. Yet De Gaulle attacks it in the name of exclusive French interests.

Another notion dangerously grounded in the concept of scarcity is the gold standard. Gold is fundamentally an expression of lack of confidence

EKISTIC GRID		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		MAN	ROOM	BUILDING	BUILDING GROUP	VILLAGE, SMALL SUBURBANISED	LARGE VILLAGE, NEIGHBOURHOODS	SMALL TOWN	TOWN	LARGE CITY	METROPOLIS	CONurbation	MEGALOPOLIS	URBANISED REGION	URBANISED CONTINENT	ECOMETROPOLIS	
GEOGRAPHIC LOCATION											A						
BASIC CLASSIFICATION											3						
PERIOD											3						
NATURE																	
MAN	EKISTIC ELEMENTS																
SOCIETY											4						
NETWORK																	
SHELL																	
ACADEMIC APPROACH											4						
EKISTIC CYCLE																	
SOURCE											5						

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in the productive process. It reflects the feeling that, in case there is not going to be enough to go round next year, I'm going to keep by me a little something which can always be exchanged for food and survival. The reason why the gold standard disappeared early in the economy of the United States was because people began, subconsciously, to get confidence in the productive system itself. Credit is a promise that things—and more things—will be there tomorrow. It seems to me that it was precisely the development of this confidence that made possible the expansion of a credit system which then could absorb the full scale of technological growth.

However, this insight was still subconscious. The only idea in the 19th century that people really accepted as illimitable was war; as a result the only area in which man could completely release his technological imagination was in the means of destroying other human beings.

The dramatic problem that we face today is: can we in peacetime overcome the notion of scarcity? And can we do so on a world-wide scale? In the short run there are specific economic problems, owing to geographical differences in the distribution of resources—of which the greatest is the gap between rich «North» and poor «South». But this, I would say, need be true only in an increasingly short run because the growth of technological training of manpower and an expansion of capital can reduce the problem sharply in the next decades if we put our minds to it. So the question is not whether we face the fact of technological abundance. The question is whether we pursue policies to capture abundance for everybody. For instance, we know now that the American farmer, unleashed, could feed the world. This is a fact. In the already technologically advanced parts of the world we are putting the brakes on production so as not to explode our market system in which you gain most from scarcity. Our surplus swamps us while others starve. It is not tech-

nology that defeats us. It is politics. We have to change politics and evolve new institutions to match our techniques.

Here I would like to approach the future by the back door, because I feel that some of the changes that were made in the 19th century give us a clue to the kind of institutional changes that we need if we are to transfer ourselves from the mentality of scarcity to the mentality of abundance—or perhaps «availability» is a better word. When the whole technological system started, the political economists following Adam Smith were all impressed with the *limits* of what could be done within the system. And these limits were fixed very simply by the fact of marginal productivity. If you produce more of the same thing, you satisfy demand on one hand and use up supplies on the other; therefore, the cost of supply goes up as the desire to buy goes down. There comes a point when there are no more profits, and once there are no more profits, there is nothing more to invest and no more incentive to do so. Thus the profound belief of all early economists in the inhibitions of marginal productivity set a limit to the expansion they could imagine.

Marx belonged to this category. But he was different in three ways. First he brought in a moral implication because he said marginal productivity is not inherent in the process but a reflexion of private property. Secondly, he said that technological change would remake the face of the earth and remake every single institution—and he was absolutely right. Thirdly, he introduced a social protest which has nothing to do with his theory but goes back to the Jewish and Biblical belief that the poor are more precious than anyone else. And this is what is really important about Marxist theory today—not the labour theory of values which people couldn't understand then or now, but the notion that this is an unjust and disastrous world, badly organized, with abundance held by the few and the vast mass still in misery.

New I would like to isolate three things that made possible over the last century both the disproving of Marxist theory and the transformation of a class society into a mass economy. It is a cliché that 16% of the world population around the North Atlantic enjoy something like 70% of everything: production, trade, investment, and also education. There is a disproportion in our world community. Inside the domestic economy a century ago, a class society of rich and poor presented the same disproportions. But since then three decided changes have been brought about:

1. The first I have mentioned already. Man was prepared to unleash his resources and his imagination and break out of the constraints of marginal utility in the market economy whenever it was a matter of war. For that

reason, whenever war occurred, the restraints which were supposed to hold the system down exploded. Very few conclusions were drawn from this fact until after the second world war, but it was a fact from the very beginning. Certainly the American Civil War was a tremendous time of industrial innovation, and you have only to read any of Buckminster Fuller's papers to see how the technology of war can be acclimatized to the uses of peace. In war, people work more than they will in times of peace, and they will undergo more sacrifices; but, nonetheless, the *conscious* use of Government policy to expand resources was the crucial change. This was learnt in the forging-house of war and then applied to peace.

2. The second thing that happened was that, especially in the United States, owing to the extreme scarcity of labour, mass producers were able fairly early in our industrial society to secure a rising share of the output of that society. Why it was possible to do this without excessive pressure on profits was simply what Buckminster Fuller calls «the more with less». The better technology could make your resources produce more. New inventions and new forms of energy and so forth were always being introduced and this created the margin of growth within which wages and profits could both go up. And so, at a very early stage, the shape of a mass market began to appear in the western world and led to a tremendous raising up of the level of industrial wages, particularly in the United States. This is a reciprocal process because the more the wages go up, the more the organizers of industry have to find cheaper ways of manufacturing so as to offset the rising wages. This is a tremendous spur to technology. One of the tragedies of the underdeveloped world—one of the infinite though inadvertent disservices done to the underdeveloped world by the great mining companies—is that they settle permanently for poor, unskilled, migrant labour. Thus, instead of trying to upgrade labour by inventing machines simple men could not break—as for example with the first Irish migrants in the United States—they settled for cheap, replaceable, unskilled labour whom they never bothered to upgrade. But in the western world, a larger share of a market was secured, both by workers' action, and by enlightened management. And once the majority gets a much wider share of the products of the system, you discover the blinding truth of Ford's statement that if you pay a man enough, he'll buy the car he is making. And when you have done that you have a certain basis upon which the mass economy can be built up.

3. The third point was the introduction of in-

come tax. It was a transfer of wealth from those who were most likely to spend it at once. This built up mass consumption. And, invested in education, health and housing, it also provided the skills and welfare which would make workers more productive.

These three crucial changes made possible the end of a rigid class society and began to introduce for the first time a mass economy. They are supremely relevant to what we are trying to do in the world at large, and can give us some ideas about the institutional changes that we now have to bring about to ensure that for the world in general an annual rate of increase of 5% to 6% in per capita income becomes the accepted goal of a world society.

The United Nation's Decade of Development is the first occasion during which mankind as a whole has tried to put into its dialogue the purposeful arrangement of a mass economy in such a way that it expands and is better shared. And the methods can, I suggest, resemble the domestic methods of the 19th century—better sharing and the acceptance of taxation. The developing nations—the poor nations—about whom people are discouraged now must secure a larger share of the world's production. Everything contemptuous or impatient that is said about the poor nations now used to be said about the poor classes of the developed nations. This is an analogy I think we ought to bear in mind, since the poor of last century are the fine upstanding consumers of today.

First, we need an all-out attack on all those problems which were brought up at the 1964 United Nations Conference on Trade and Development. For a whole series of reasons, the rich still control 70% of the world's wealth and the institutional bias is in their favour. We even get distinguished American statesmen going to Geneva and preaching to the developing nations a contemporary version of the Victorian trickle-down theory: «We'll stay rich and as a result you'll be better off—eventually». What we have to ensure is that the breakdown is nearer 60-40. There are many ways of doing this—commodity agreements, tariff reductions—I think one of the best ways might well be an income-guarantee

plan under the International Monetary Fund. In other words, we could take some kind of average of what primary producers could earn in a stable market and then see they get it. It would be a complicated procedure, but through the International Monetary Fund, with the cooperation of the World Bank, we could first make sure that expanding credit in the world was in line with the necessary expansion of trade. Then this expansion of credit should be made available in the first place to the developing world as a species of income guarantee. Another \$4000 million a year would do the trick. It is about the sum the poor nations could absorb and it is somewhat more than the U.S. balance of payments deficit which provides the finance for expanding world trade today.

My last point is that we simply must accept global income tax. Given an expanding growth rate in the developed world which is never less than 3% a year (and which, with a little better management of demand and supply, could go up to 5%) let us determine to use one per cent of the gross national product to raise the consuming power of the rest of the world. The rich would still get richer—but it means they could get rich more slowly between Christmas and Easter.

This kind of concept built into the world society—a concept which has made possible the meeting of demand and supply on a rising curve inside domestic economy—seems to me a crucial task of international institution building. The reasons for optimism should be the fact of abundance. This has never been a fact before. It is so total a break with human history that I think we still struggle with ways even to think about it. All our reactions, or far too many of our reactions, are geared to scarcity. And of all these, the worst are those which arise from pure, unadulterated national myopia. One of the enormously encouraging things about the science of Ekistics is that when we begin to think sanely about the population explosion and the urbanization explosion, and then add to it the resource explosion, we are compelled to think in global terms. We have to focus our minds, our skills and our vision on the whole family of man.