Revolution or Renaissance

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Mechanics of the Economic Age

Now that the origins and evolution of the economic age have been examined, it is possible to turn to the mechanics of the economic age. How does the economic age function? What worldview underlies it? What model of development drives it? What forces dominate it? How does it shape the character of the present world system?

The Economic Worldview

Like every age, the economic age is predicated on a very specific way of looking at the world, acting in the world, and valuing things in the world. It is based primarily, if not exclusively, on economics, which yields an "economic worldview" that is by far the most powerful worldview in existence today. This worldview is based on the conviction that satisfaction of people's needs and wants in all areas
of life can be attended to most effectively by making economics and economies the centrepiece of society, and the principal preoccupation of individual, institutional, municipal, regional, national and international development. Through commitment to this conviction, it is believed that wealth can be increased most effectively, the supply and demand for goods and services can be satisfied most efficiently, living standards and the quality of life can be improved most fully, population growth can be curtailed most judiciously, poverty can be reduced if not eliminated, and the natural environment can be managed and turned to humanity's advantage.

Not all individuals, institutions, countries or governments share these convictions, but enough of them share it to make the economic worldview the most powerful worldview in existence today. It is this worldview that people and countries in virtually all parts of the world have become accustomed to, as a result of the triumph of economic thought and practice, globalization, computerization, commercialization, the operation of the mass media, and the diffusion of information about the policies and practices of the most powerful institutions and countries. As a result, the economic worldview is now so powerful and pervasive that it provides the foundation for the modern era. It is accepted without reservation or qualification by the large majority of institutions, countries, and governments in the world. Everywhere it is assumed, either implicitly or explicitly, that as economics, economies, and economic growth go, so goes the world. It is a way of looking at the world, acting in the world, and valuing things in the world that is based on seeing things in economic terms.

Like the economic age itself, the economic worldview did not suddenly vault onto the global scene. It took several hundred years, and the efforts of countless individuals, institutions, countries, and governments, to create the economic worldview and coalesce it into the powerful force it is today. The story of how this worldview unfolded sheds a great deal of light on how the world system functions in fact, as well as on how it influences people, institutions, governments, and countries.

The origins of the economic worldview are buried deep in the Judeo-Christian tradition. Nevertheless, it did not really begin to take concrete form until the decline of the Middle Ages, and their preoccupation with religion and religious institutions. The great geographical explorations of the sixteenth, seventeenth and eighteenth centuries, the rise of nation states, and the wealth-oriented policies of the mercantilists played pivotal roles in this process. The explorations had the effect of orienting the leading European countries outwards as well as inwards, as they became committed to tapping land, wealth, resources, and trade in other parts of the world as well as at home. The rise of nation states had the effect of making economic and political power the principal preoccupation.
of governments, both in foreign policy and in domestic affairs. The wealth-oriented policies of the mercantilists had the effect of building up the financial, commercial and manufacturing capabilities of countries, since goods had to be produced at home before they could be exported and exchanged for goods, resources, and raw materials abroad. As noted earlier, the object was always to increase exports and decrease imports, since this would cause more gold, silver, and other precious metals to flow into a country than out of a country, thereby enlarging its national wealth, and enhancing its power and prestige in the world.

As important as these developments were, it was Adam Smith who, as we have seen, laid the practical and theoretical foundations for the emergence of the economic worldview. He did so by making the development of economics and economies the key to expanding “the necessaries and conveniences of life,” and to “making improvements in society.” Little else could be accomplished until this was accomplished, and this was primarily, if not exclusively, an economic requirement, according to Smith. Smith’s beliefs were so powerful in this area that they have dominated economic, political, social and developmental thinking ever since. This is confirmed by the fact that the large majority of economists, politicians, and social and developmental thinkers since his time have been content to work within the ideological framework that he created, rather than question its basic assumptions or his fundamental beliefs. Even as revolutionary a thinker as Marx was greatly influenced by Smith’s dictum concerning the centrality of economics and economies.

By the end of the nineteenth century, the economic worldview had become part of the conventional wisdom, making it possible for economists to devote most of their time, energy, and attention to fleshing out the economic worldview in areas where it was deficient, rather than questioning its theoretical and practical foundations, or its historical and philosophical justifications. As we have seen, the neoclassical economists did this by extending the economic worldview into the realm of individuals and institutions in general and consumers and corporations in particular, the Keynesians and post-Keynesians did it by extending the economic worldview into the realm of government, politics, and the political process, and the development economists did it by defining development in economic terms, and contending that economic growth and development are the keys to overcoming developmental problems in all countries, but particularly in the “underdeveloped” countries of sub-Saharan Africa, Asia, Latin America, the Caribbean and the Middle East. As a result of these initiatives, and others, it is now generally accepted that the central role of governments is to facilitate as much economic growth and development as possible, primarily by controlling monetary and fiscal policy, participating
in a variety of economic causes and concerns, creating a climate conducive to corporate, commercial, financial, industrial and technological development, and spending public funds to influence the level of aggregate demand.

So powerful has the economic worldview become that it dominates thinking about how countries should develop in both a domestic and international sense, in every conceivable area of life. In domestic terms, this is confirmed by the belief that economies should be made the centrepiece of municipal, regional and national development because this is the most effective way to increase material and monetary wealth, and to satisfy people's economic and non-economic needs. In international terms, it is confirmed by the belief that countries engage in international relations largely for the purpose of advancing their economic interests and objectives. Relations in other areas, such as the arts, education, athletics, social affairs and the like, are regarded as important, but primarily as facilitators for commercial, industrial, financial and technological relations, rather than in their own right.

While the development and promulgation of the economic worldview have produced countless benefits for people and countries in every part of the world, and for the world as a whole, it is clear that the economic worldview colours the ways in which people, institutions, countries, and governments view the world, behave in the world, value things in the world, and think about the world. The most obvious example of this is the relationship between human beings and the natural environment. It has proved to be almost impossible to make economics and economies the centrepiece of society without viewing the natural environment as an economic resource, to be used primarily for the purpose of advancing commercial, industrial, financial and technological interests. In effect, the natural environment is seen as an extension of the economy, since it provides the sustenance that is necessary to increase the supply of goods and services, and to generate material and monetary wealth. It is a resource that economists generally regard as a “free good,” a good that has no monetary value because it is provided free by nature. Only now, as environmentalists have caused people to turn their attention to the enormous importance of the natural environment, and to the ways in which natural resources are being consumed, contaminated, depleted and exploited at an exponential rate, have economists been compelled to consider putting a financial or monetary value on the natural environment and natural resources. This is essential if the natural environment and natural resources are to be preserved and protected for future generations as among the most valuable assets of all.

What is true for the natural environment and natural resources is equally true for life and living. This area has also been strongly influenced by the economic worldview, as confirmed by such concepts as “economic man,” citizens as
consumers, the theory of the firm, the centrality of corporations, the role of government in economic life, "the new economy," "the global economy," and "the consumer society." Here, too, the economic worldview has had a powerful impact on public and private policy- and decision-making, and thus on people's lives, particularly in relation to getting as much consumer satisfaction as possible from the economy, spending as much money as possible to stimulate economic growth, expanding the level of aggregate demand, maximizing corporate profits, and promoting economic expansion and development. These factors play a crucial role in shaping the behaviour and attitudes of individuals, institutions, governments, countries, and international organizations.

Even the arts, sports, education, communications, and other activities are drawn into the economic worldview and given precise monetary values. For example, there has been a discernible trend over the last few decades to treat artistic, athletic, educational and communications activities as means to economic ends rather than as ends in themselves, and they have come to be seen as having powerful effects, yielding substantial economic, commercial and financial benefits. In respect of the arts, for example, numerous studies have been conducted to show how the arts can have a "multiplier effect" on the economies of communities and countries, largely through their capacity to generate additional rounds of expenditure on transportation, communications, tourism, clothes, hotels, motels, and restaurants, to affect the physical location of businesses and industries, and to stimulate a great deal of consumption, investment, income, employment, and tourist activity (see, for example, the publications by the Canada Council, Hillman-Chartrand, and Myerscough).

In sports, similar claims are made for professional sports events and such events as the Olympic Games, which explains why these activities have been so commercialized in recent years, as cities, regions, and nations compete vigorously to attract them in order to reap the economic rewards and spin-off effects. In education and communications, comparable justifications are made for the economic impact of educational and media institutions and activities on the economies of cities, regions, and countries.

Eventually, almost everything is drawn into the orbit of the economic worldview, and given a precise monetary value, price, and justification. As this happens, economics and economics are treated more and more as if they stand for the whole of human activity. From this perspective, social, aesthetic, spiritual and human goals and objectives increasingly become synonymous with, and subordinated to, economic goals and objectives.

While certain individuals, institutions, and countries have vested interests in promoting the economic worldview, and promulgating it throughout the world, this is not the real reason for the power and prevalence of the
economic worldview. That has much more to do with the belief that this is
the most effective way to address people's needs in all areas of life, to make
improvements in society, and to increase "the wealth of nations." It is this,
far more than greed, lust for power, or any other factor, that accounts for the
popularity and pervasiveness of the economic worldview, and its perpetuation
and promulgation throughout the world. This is the worldview that the world's
most powerful individuals, institutions, countries, and governments deem to be
essential in order to satisfy people's economic and non-economic needs, and to
solve humanity's most debilitating, demanding and difficult problems.

The Economic Model of Development

Just how pervasive the economic worldview has become can be gleaned from
the fact that the large majority of countries and governments use an economic
model of development, or have one in mind, when they make decisions about a
variety of economic and non-economic matters. This model derives directly from
the economic worldview. While it takes different forms in different countries,
it is predicated on ideological beliefs and convictions that can be traced back
to Adam Smith, Ricardo, John Stuart Mill, Marx, Marshall, Keynes, and a host
of other economic thinkers and practitioners. Most prominent among these
ideological beliefs is the belief that development is primarily, if not exclusively,
an economic, material and quantitative matter. As illustrated in Chapter 2, this
belief is deeply rooted in the history of economic thought and practice, which
gave rise to the "economic interpretation of history," as well as the conviction
that economics is concerned primarily with the production, distribution, and
consumption of material and monetary wealth and goods and services.

The corollary is a division of human needs into economic and non-economic
components. Economic needs are deemed to be of principal importance because
they comprise people's requirements for food, clothing, shelter, jobs, income,
employment, and survival. Non-economic needs are deemed to be of secondary
importance because they comprise people's requirements for education, artistic,
religious and spiritual fulfilment, recreation, social interaction, and political
stability. It is this division that makes it possible to think of societies in terms
of economic bases and non-economic superstructures, a habit of thought that
is shared by the large majority of political, corporate and international leaders
throughout the world. This helps to explain why economies are given the highest
priority in public policy- and decision-making by most countries, governments,
and international organizations. On this view, the economy creates a surplus of
production over consumption that can be ploughed back into more economic
growth and development, or can be used in other ways. Thus commercial,
industrial, business, agricultural, financial and technological activities are seen as forming the foundations of society, because they create the wealth that is needed to facilitate developments in other areas. "Growing the economy" is seen as the key to everything else.

This conviction is most prevalent in the corporate community, but it is also prevalent in the political community. Regardless of whether governments or political parties are "right," "left" or "centre," and irrespective of whether they are capitalist, socialist or communist in their rhetoric, the vast majority of them share the conviction that "growing the economy," and strengthening the commercial, industrial, business, agricultural, financial and technological foundations of society, are what is most essential. Ultimately this is what social development and the political process are all about in the thinking, policies, and practices of most corporate and political leaders and institutions.

This conviction is strengthened whenever governments and political parties depend on individuals and institutions in the private sector to provide them with the financial support they need to finance their electoral campaigns and maintain their political power. Discussions of "values," "value systems," and "value changes" in this context mean making decisions that are consistent with the ideological framework provided by the economic model of development and the economic worldview, rather than contesting or changing it. This explains why political parties such as the Green Party are always frustrated with governments and the political process. There is seldom if ever much willingness, or opportunity, to consider worldviews or models of development that provide alternatives, since all discussion and debate takes place within the framework provided by the economic worldview and the economic model of development.

Viewed from this perspective, non-economic activities may be treated as if they play important roles in society, as we have seen above, but they are never regarded as having primary roles. This leads to the marginalization of these activities and the conclusion that they can be expanded only when the economic base is expanded, and must be cut back the moment the economic base is jeopardized. This is consistent with the conviction that non-economic activities owe their very existence to the economy, and makes it possible to incorporate them into the economic model of development by subordinating them to economic ends, thereby reinforcing the notion that they are marginal rather than mainstream activities.

It is this way of thinking about and looking at development that is provided in the graphic representation of the economic model of development to follow. While the model is a theoretical abstraction that has been greatly simplified and stripped to its essence to facilitate analysis, illustrate basic principles, and shed
light on the way decisions are made in the public sector and the private sector, it encapsulates the understanding of development that has evolved over the last two centuries and particularly over the last fifty years.

What is most conspicuous about the model is the economic base on which everything is predicated. Since the economic base is deemed to create the material and monetary wealth that is necessary to fuel all activities in society, it is given priority over everything else in the model. It is this fact that has led to the conclusion that the most important factor in a country's development is the economy, and with it, the development of activities like commerce, finance, industry, agriculture, business and technology that are deeply imbedded in the economy and the economic base. These activities tend to be seen as the "productive" activities in society because they result in the creation of tangible products and the creation of things of "lasting value." It is this view of development — more than any other — that has led to the conclusion that if the development of a country's economy or economic base can be attended to properly, everything else will fall naturally and logically into place.

Since the economic base is assumed to create the wealth that is needed to fuel all developments in society, it is deemed to "drive" society and the non-economic superstructure of society. This conviction can be traced back directly to the economic interpretation of history, where it came to be assumed that

Figure 1. The Economic Model of Development

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<tr>
<th>NON-ECONOMIC SUPERSTRUCTURE</th>
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<td>ARTISTIC, SCIENTIFIC,</td>
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<td>RECREATIONAL, AND SPIRITUAL ACTIVITIES</td>
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<th>ECONOMIC BASE</th>
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<tbody>
<tr>
<td>INDUSTRIAL, COMMERCIAL, AGRICULTURAL, TECHNOLOGICAL, AND BUSINESS ACTIVITIES</td>
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there is a unilateral relationship between the economic base and the non-economic superstructure: changes in the economic base cause changes in the non-economic superstructure, but not the reverse. This is why a one-way arrow has been used to depict the relationship between the economic base and the non-economic superstructure. It is consistent with the conviction that the economic base is “cause,” and everything else is “effect,” despite the objections to this that were discussed earlier.

Whereas the economic base is concerned with commercial, financial, industrial, business, agricultural and technological activities, the non-economic superstructure is concerned with artistic, social, ethical, spiritual, educational, recreational, political, and religious activities. Just as there is a tendency to assume that the economic base is concerned with the “productive” activities in society, so there is a tendency to assume that the non-economic superstructure is concerned with the “non-productive” — or “less productive” — activities in society. While this view lacks credibility in many circles today, it continues to linger on in the minds of numerous people, countries, institutions, and governments. This is apparent in the distinction that is often made between “hard” and “soft” disciplines and activities. Hard disciplines and activities, such as business, commerce, finance, industry, technology and so forth, are associated with the economic base and therefore the “productive sectors” of society. Soft disciplines and activities, such as the arts, humanities, education, religion, social affairs, recreation, spirituality and the like, are associated with the non-economic superstructure and the “non-productive” or “less productive” sectors of society.

According to this view, the only way there can really be an expansion in the non-economic superstructure of society as indicated earlier is if there has been a previous expansion in the economic base. The conclusion that is drawn from this is that the economic base must be given priority over everything else. If people want more artistic, social, educational, religious, spiritual, recreational and other amenities, the only way they can get these amenities is to expand commercial, industrial, agricultural, business, financial and technological activities and increase economic growth, since it is assumed this is where the wherewithal is created that makes the expansion of non-economic or superstructural activities possible. This reinforces the priority that is given to the economic base because everything is believed to derive from it or be traceable back to it.

Just as the economic worldview colours everything it comes into contact with, so the economic model of development does likewise. Individuals execute their responsibilities most effectively in the model when they maximize their consumer satisfaction in the market and spend as much money as possible, because this contributes to the expansion of the economy and therefore to the
satisfaction of both economic and non-economic needs. Corporations execute their responsibilities most effectively in the model when they maximize profits and compete as vigorously as possible, because this fuels economic growth and ensures the most desirable situation for producers, consumers, the economy, and society as a whole. Governments execute their responsibilities most effectively in the model when they stimulate as much economic growth and development as possible, because this increases the aggregate demand for goods and services, and provides an additional stimulus for the satisfaction of economic and non-economic needs. Countries execute their responsibilities most effectively in the model when their economies grow as rapidly as possible, because this advances their economic interests in both a domestic and an international sense, and provides the greatest possible incentive for the economic development of all countries.

What is most striking about the model is that the natural environment is missing from it. This is because the natural environment was treated "as a given," and was not a major concern when the theoretical, practical, historical and philosophical foundations were being laid for the economic age.

The population of the world was much smaller than it is today, and it was assumed that it would always be possible for countries with domestic resource deficiencies to draw on natural resources available in other parts of the world. This situation has changed drastically in recent years. The population of the world is substantially larger than it was even in the middle of the twentieth century, let alone as compared to the situation in the eighteenth or nineteenth centuries. Moreover, the "developing" countries are no longer willing to allow their natural resources to be exploited in the name of international progress and economic growth. This signals the need for an entirely new model of development in the future, a model that can deal fully and effectively with the natural environment and the complex associations that people have with it. Without this, it will not be possible to come to grips with the environmental crisis, or with the need for an approach to development that puts the natural environment at the very centre of the development process, and ensures human survival and ecological progress in the future.

Dominant Forces in Society

An age predicated on the economic model of development and the economic worldview is bound to place a high priority on certain forces that then become the dominant forces in society. These forces are specialization; products and production; capital accumulation; profits, the profit motive, and profit maximization; competition; technology; the processes of centralization.
urbanization, and mechanization; consumption; materialism; the market; globalization; trade; and monetarization. It pays to examine these forces in turn, since it helps to expand our understanding of the ways in which the economic age functions. It is not the intention here to comment on the desirability or undesirability of any of these forces, but rather to identify them, to demonstrate how they function in the economic age, and to show how they are the inevitable consequences of an age predicated on economics, economics, and economic growth.

Specialization is the most dominant force in the economic age. Ever since Adam Smith made specialization the centrepiece of his entire economic system, because he was convinced that it was the key to increasing material and monetary wealth, and making improvements in society, specialization has spread like wildfire throughout the world. Individuals, institutions, and countries in every part of the world are encouraged to specialize in the execution of very specific production functions, since this increases productivity, output, income, and wealth most effectively.

In Smith's day, specialization was limited largely to agriculture and the newly emerging industrial and commercial ventures, but by the time Ricardo was writing on economics, specialization had been extended to other areas of life, most notably international trade. It will be recalled that Ricardo believed that countries should specialize in the production of products for which they have a comparative advantage and import products for which they have a comparative disadvantage. So powerful was the logic behind this argument that it gave rise to the development of an international system based primarily on countries specializing in the production of a narrow range of products which they then exchanged for products produced by other countries. By the end of the nineteenth century, specialization had worked its way into many other areas of public and private life. Educational institutions, for example, specialized because this increased knowledge and understanding of specific subjects and disciplines. As a result of these developments, and others, specialization is no longer confined to particular professions, disciplines, organizations, or parts of the world, but is evident in each and every sector of society. One consequence of this is that everything is broken down into parts, and subjected to detailed analysis and scientific examination. Although this has caused people and countries to lose sight of the big picture, it has yielded countless benefits by increasing output and wealth considerably, and expanding knowledge and understanding in every domain of public and private life. One need only think of the prodigious achievements in science, medicine, technology, business, education, agriculture, politics, the arts, and every other field of human endeavour to confirm this.
In the economic age, a high priority is also placed on products and production. There is an intimate connection between these forces and specialization, of course, since specialization enhances the capacity to produce products and expand production. This is why Adam Smith made specialization the centerpiece of his economic system. Production has increased exponentially throughout the world since the early years of the twentieth century. Not only are more products being produced than ever before, but humanity is capable of producing more products in every domain of human life. Even with many industries operating at far less than full capacity, the production of food, clothing, shelter, and a host of other items, whether durable or perishable, has increased beyond the wildest dreams of classical, Marxist, neoclassical, Keynesian and post-Keynesian economists.

Specialization is not the only thing that has made this increased production possible. It has also been made possible through capital accumulation, yet another dominant force in the economic age. With capital accumulation, production and output can be increased substantially, even astronomically. Without it, they cannot be increased significantly. This is why capital accumulation is awarded a prominent position in all the economic literature. It increases production, productivity, output, wealth, and income in ways that could only have been dreamt of at the beginning of the economic age. While it is possible for people to increase their production and productivity without capital accumulation, particularly when they are trained to do so, this process is very much enhanced when capital is available to cooperate with labour in production. The more capital is available, the greater the potential for production and productivity. One need only think of the automobile industry to confirm this. Think of how much production and productivity is increased when capital equipment is available to assist labour in the production of automobiles. What is true for the production of automobiles is equally true for virtually all other products. Production, productivity, and output are enhanced considerably by capital accumulation.

As it is for products, so it is for countries. Countries that consume all they produce in a given year are always starting from zero the following year because there is no capital accumulation to devote to production. Conversely, countries that consume less than they produce in a given year always start above zero the following year because capital accumulation is available to contribute to production. The more capital accumulation is available, the more countries are able to reap the benefits. This makes capital accumulation one of the most important factors in development in the economic age.

In the modern world, capital accumulation takes many different forms. In the material and technological sense it takes the form of all the machinery,
equipment, methods, techniques, and expertise that are available to assist
labour in specializing more, producing more, and expanding the supply of
goods and services more. In the monetary and financial sense it takes the form
of the savings, investment, stocks, bonds, and other financial instruments that
individuals and institutions have to apply to production and the creation of
material and monetary wealth. In recent years, a great deal of attention has been
paid to “human capital,” a key aspect of capital accumulation in general. While
it is essential to invest in machinery, equipment, technology, and monetary and
financial assets, it is even more essential to invest in people. Since it is people who
create the aforementioned assets through their ideas, insights, inventions, and
innovations, investments in people increase the skill, dexterity, and creativity of
workers, and their ability to contribute to production and productivity. This is
particularly important in the modern era where economies have become much
more knowledge-based and information-oriented in character. As a result,
more of the actual physical labour is done by machines and other equipment,
above all by computers, and more of the creative thinking and application of
knowledge, information, and ideas is done by people. This is why investments
in education and training are so imperative, to ensure that people are enabled
to compete in economies that depend much less on physical skill and dexterity,
and much more on intellectual capacity, ideas, and creativity.

If capital accumulation in all its diverse forms is so essential, what is it
that generates capital accumulation? Surely it is profits and the profit motive.
Whether it is people earning interest on the money they put into banks and
other financial institutions, or invest in stocks and bonds, or corporations
earning profits on the investments they make in production and the productive
process, people and corporations are willing to forgo consumption only if it is
profitable for them to do so. An actual or expected return on money invested is
imperative if people and corporations are to be enticed to forgo consumption in
order to invest in capital accumulation. It is clear from this why economists,
corporate executives, politicians, and governments are always so worried about
the level and rate of profits. Without significant and expanding profits, real and
anticipated, economies are unable to expand, and countries are unable to make
advances in improving material standards of living or generating production,
productivity, specialization, capital accumulation, and economic growth.

While the gains that individuals make from saving and investing are
important, it is corporate profits that are deemed to be the most essential of
all. Corporate profits drive the economy, in the view of most economic and
corporate leaders, because they provide the incentives that are needed for capital
accumulation, the production of goods and services, and the generation of
material and monetary wealth. Small corporate profits and a low rate of return
on money invested can cause serious problems for economies and countries, because everything slows down and little or no economic growth takes place. Conversely, large profits and a high rate of return on money invested can solve many problems for economies and countries, because everything is speeded up and a great deal of economic growth takes place.

While this explains why economic and corporate leaders are committed to profit generation, it does not explain why they are committed to profit maximization. While many people see profit maximization as a form of greed or lust for power, influence, and wealth on the part of corporate executives and shareholders, this does not explain why corporate leaders and shareholders are so concerned, indeed, some would say, obsessed with it. The real reason has much more to do with the belief that is prevalent among economists, corporate executives, and shareholders that profit maximization is the key to realizing the ideal economic situation, because economic growth is maximized and prices are the best for producers and consumers. The entire neoclassical economic system was predicated on the conviction that consumers should pay attention to marginal utility and that producers should maximize their profits, because together these activities would yield the ideal state of affairs.

It is impossible to place a great deal of emphasis on profits and the profit motive in general, or profit maximization in particular, without placing a great deal of emphasis on competition, yet another dominant force in the economic age. Without competition there is a constant danger that some producers will gain the upper hand over other producers and be in a position to exploit consumers by driving those other producers out of the market. This is why virtually all economists exalt the virtues of competition, especially "perfect competition" or competition by numerous corporations or firms, rather than monopoly, duopoly or oligopoly (domination by one, two or a few corporations or firms). Competition yields the ideal economic situation, according to economic theory (especially neoclassical economic theory), because it provides the best prices for consumers and prevents excessive profits for producers. Not coincidentally, and equally important in terms of explaining why competition is such a powerful force in the economic age, it meshes well with "social Darwinism," the idea, adapted by Herbert Spencer and others in the late nineteenth century from Darwin's theory of evolution, that human beings in society, like living species in nature, must compete to survive because resources are scarce. There is no doubt that the crude notion of "survival of the fittest" (a phrase coined by Spencer, not Darwin) has had a profound impact on economic theory and practice, making competition one of the most conspicuous forces in the economic age.

It is impossible to examine forces as powerful as competition, the profit motive, capital accumulation, and specialization without examining another
dominant force in the economic age, namely technology, the force that makes it possible to produce more products, as well as better, newer, and more efficient products. It also makes it possible to produce "waves of economic expansion," and upheavals in social and economic practices, such as the agricultural revolution, the industrial revolution, and the computer revolution. These upheavals have been colossal in size, scope, and influence, and have produced phenomenal results. Each new wave of expansion and innovation has brought with it substantial changes in the way life is lived in every part of the world. One need only think of the impact that trains, aircraft, telegraphy and telephones, radio and television, and computers have made to confirm this.

Technology has also played an essential role in bringing other dominant forces to the fore, most notably centralization, urbanization, and mechanization, which have been evident from the earliest days of the industrial revolution. It is not coincidental that London, Paris, New York, Shanghai, Tokyo, Hong Kong, Mexico City, Rio de Janeiro, Mumbai, Lagos, and other cities have grown astronomically in size, scope, and influence, or that an increasing proportion of the world's population now lives in towns, cities, and other forms of urban agglomeration. Eventually everything is compelled to move to, or emanate from, established centres of technological, commercial and financial activity. This has compelled societies to become increasingly mechanized in character, particularly as labour is replaced by capital, and must find other suitable outlets and possibilities for its application. This fact, which has been very much in evidence since the beginning of the industrial revolution, is still very much in evidence today.

Thus far, we have been examining forces that emanate from the supply side of economies, and the need to produce goods and services. Now the time has come to look at forces that emanate from the demand side, and the need to consume goods and services. The most obvious example of this is consumption itself. Whereas classical, Marxist and development economists focused attention primarily on the supply side of the economy, because they were interested in how production could be increased, neoclassical and Keynesian economists focused attention largely on the demand side of the economy, because they were interested in how consumption could be increased and how prices were determined. The two are related, of course, because the primary objective of all production is consumption. Just how important consumption is in the economic age is revealed by the fact that Keynes made consumption the most important factor in his economic system. The higher consumption is, the higher the level of aggregate demand and the greater the incentive for economic growth. Conversely, the lower consumption is, the lower the level of aggregate demand and the less incentive there is for economic growth. This is why economists,
corporations, politicians, and governments are always so concerned about the direction consumption is moving in the economy. Like saving, investment, and economic growth, consumption can move upward or downward and be cumulative in nature.

Moreover, consumption can change rapidly depending on what is going on in the economy and in consumers' minds. When consumers lose confidence in the economy, as they did during the Great Depression and still do whenever there is a major recession, depression or downturn, their consumption decreases, bringing about adverse economic conditions that are not easy to correct. What particularly bothers economists and politicians about all this is the fact that consumption can be influenced by psychological and social factors beyond their control, including fads, fashions, marketing tactics, terrorist attacks, international tensions, global hostilities, and the like. Following the terrorist attacks on the United States in 2001, for example, consumption fell dramatically, particularly consumption related to travel, tourism, hotels and restaurants, despite the urgings of President George W. Bush and of Rudy Giuliani, then Mayor of New York, to return to "business as usual."

It was not until Thorstein Veblen started to examine consumption practices and consumer behaviour, in the 1890s, that economists realized why it is that consumption is such a powerful force in the economy. Most economists had believed that production was the most important activity, and that consumers were passive recipients of goods and services. "Supply creates its own demand" was how Jean-Baptiste Say had expressed the perceived tendency for production to lead and consumption to lag. Veblen, however, uncovered many cases where consumption actually leads production, and shed light on the motives, desires, interests and needs behind consumption, in his classic study The Theory of the Leisure Class (1899). Veblen identified two major motives that drive consumption and help to increase overall demand: "pecuniary emulation" and "conspicuous consumption." Pecuniary emulation results when the lower classes emulate the consumption practices and preferences of the upper class. Conspicuous consumption results when people increase their consumption in order to be seen to be keeping up with, or even going beyond, the practices and preferences of their neighbours, friends, colleagues, and peers. Veblen deployed these concepts to explain the uniformity that exists in consumer habits, behaviour, and tastes: consumers tend to want the same or very similar things, because their choices are constantly influenced by those of others. Veblen also contributed to understanding of the phenomenal increases that have taken place in consumption over the past one hundred years, and particularly over the past fifty years. People have both economic needs and economic wants, and once their needs have been satisfied, their wants can be increased without limit. Much
depends on marketing, advertising, and publicity, how creative and imaginative it is, and how much is invested in developing and using such techniques. In the United States, for example, Madison Avenue is at least as well-known as Wall Street because of the enormous investment in the marketing, advertising and publicity activities associated with that particular thoroughfare in New York City.

The phenomenal increase in consumption explains, in turn, why materialism has become such a dominant force in the economic age. It is impossible to increase consumption substantially without placing a great deal of emphasis on materialism. As consumers' needs and wants have increased and diversified, more and more varied products have been produced to satisfy them. In today's world many of these products have extremely short lifespans; they wear out quickly and are often not very reliable. This increases materialism even more, since more products have to be produced to keep up with the exponential increases in consumer demand. This is facilitated by placing more emphasis on obsolescence than on permanence, as well as on replacing products rather than repairing them. This adds significantly to the high levels of materialism that are evident throughout the world today, though particularly the Western world, as well as the mounting problems associated with the management and elimination of waste.

Of all the forces of the economic age, the market is the most obvious, being the point where consumption and production, supply and demand, and buyers and sellers come together and interact. As the main vehicle for discharging economic functions since human beings began to truck, barter, and exchange, the market can be traced back to the earliest times. It has changed radically over the centuries, and particularly over the past one hundred years or so, yet it can still be seen in something close to its original form in most parts of the world, wherever farmers bring in fresh produce and livestock to be sold, or hucksters peddle their wares on city streets. The enjoyment that people derive from markets is as conspicuous as it is contagious, whether in chance encounters and discoveries, haggling over prices, hunting for bargains, engaging in social interaction or finding a sense of accomplishment.

Despite all this, it was not until the nineteenth century that the market became one of the most dominant institutions in society. The process whereby this came about was captured in brilliant fashion by the social critic and historian Karl Polanyi in his book *The Great Transformation: The Political and Economic Origins of Our Time* (1944). Polanyi documents how the market achieved prominence as a result of its capacity to extend itself around virtually everything else. So powerful did the market become that the entire economic
system was transformed into a “market system,” or “market economy,” in which everything was seen as being actually or potentially shaped and influenced by, and subordinated to, the market (p. 68):

A market economy is an economic system controlled, regulated, and directed by markets alone; order in the production and distribution of goods is entrusted to this self-regulating mechanism. An economy of this kind derives from the expectation that human beings behave in such a way as to achieve maximum money gains. It assumes markets in which the supply of goods (including services) available at a definite price will equal the demand at that price. It assumes the presence of money, which functions as purchasing power in the hands of its owners. Production will then be controlled by prices, for the profits of those who direct production will depend upon them; the distribution of the goods also will depend upon prices, for prices form incomes, and it is with the help of these incomes that the goods produced are distributed amongst the members of society. Under these assumptions order in the production and distribution of goods is ensured by prices alone.

Polanyi also describes how the various factors in production, distribution, and consumption eventually became subjected to the interests of the market. Labour became subordinated to, and dependent on, the labour market, natural resources and the environment became subordinated to, and dependent on, the land or real estate market, and capital became subordinated to, and dependent on, the money and stock markets. In this way, the market system and the market economy transformed society into a “market society,” in which “the market” in general and specialized, segmented markets in particular determine all values, prices, and decisions. In Polanyi’s view this was not, on the whole, a desirable development. In the process of asserting priority over everything else, the market in general, and the markets for land, labour, and capital in particular, revolutionized every aspect of public and private life, destroying the social fabric, and eroding the sense of community, solidarity, and public space required for people to function effectively, and to experience fulfilment and happiness in life. In the contemporary world, the market is colossal in size, ubiquitous in character, continuous rather than periodic, and omnipresent rather than sporadic. It is filled with products from every conceivable part of the world, and in recent years it has been extended well beyond physical locations with the development of the internet. It is becoming increasingly electronic in character, capable of uniting buyers and sellers from every part of the world, and moving goods and services quickly from one part of the world.
to another, without the need for physical proximity or contact. The market occupies a central position in the economic age, and therefore in the life of every individual, institution, community, region, country, and continent.

Focusing attention on the market helps to shine the spotlight on another dominant force in the economic age, namely, globalization. While much has been made of globalization in recent years, it is not a new phenomenon, but, as many writers have pointed out, has been going on and steadily gathering momentum for centuries. Wherever and whenever individuals, institutions or countries have manifested a desire to reach beyond themselves and their immediate surroundings to explore and exploit other parts of the world, there globalization is to be found. The earliest bands of humans, scouring the Earth in search of food, resources, and favourable conditions for life led the way, to be followed not only by such military leaders as Alexander the Great, Attila the Hun or Genghis Khan, but also by international travellers such as Ibn Batuta or Marco Polo, and the explorers of the fifteenth, sixteenth, seventeenth and eighteenth centuries. The transportation advances of the nineteenth century, which made it possible for people, products, ideas, and information to be moved long distances in shorter and shorter periods of time, built on their discoveries, showing that the drive to globalize has been much in evidence long before the contemporary debates about globalization began. That drive has since manifested itself in the establishment of multinational corporations, phenomenal advances in the aerospace, aircraft and satellite communications industries, the creation of international institutions to deal with global problems, colossal developments in banking, commerce, finance, marketing, and trade, and the creation of huge trading blocs such as the European Union and the North American Free Trade Agreement. Finally, and perhaps most importantly, it has manifested itself in the phenomenal developments in communications technology that have played key roles in converting the world into “a global village,” as Marshall McLuhan once put it. As a result of these developments, and many more, information, ideas, people, resources, capital, and products are moving around the world in volumes and at speeds hitherto unknown in history.

At the beginning of the twentieth century, it was still possible for individuals, institutions, and even countries to remain relatively isolated from one another, and from other parts of the world, but by the end of the century this was no longer possible. Globalization is now a force that people in every part of the world must reckon with on a daily basis. It promises to make an even more powerful impact in the future, affecting not only the ways in which people view the world and relate to the world, but also the ways in which they conduct their affairs and position themselves in the world. This is a trend that may eventually end up in the creation of a single worldwide financial, judicial and
trade system, a world police force, possibly even a world government. These would be institutions in a world very different from the world of the present, with its battery of nation states, international organizations, and multinational corporations. What makes globalization such an important force is the fact that it is contributing to the extension of the economic age into every area of public and private life in every part of the world. The economic age is no longer a Western phenomenon, but has become a global phenomenon.

As important as transportation, communications, and other factors have been in accounting for globalization, the most important factor is trade, yet another dominant force in the economic age. With the popularity of political and economic conservatism in many parts of the world in recent years, trade, especially free trade, has come to be seen as one of the most essential devices for increasing material and monetary wealth, and improving living standards. This can be traced back to the kind of world visualized by the classical economists, particularly Ricardo and John Stuart Mill, who believed that the global system should be structured in a manner consistent with the law of comparative advantage, and the free movement of labour and capital in response to opportunities to be employed to best advantage. This is not substantially different from the kind of world that many political, economic, and corporate leaders are anxious to see come to fruition today, in which corporations would be free to move their productive facilities and capabilities from one country to another without constraints, while countries would be able to enjoy free trade with other countries that share their interests and objectives. It is this kind of world that has moved the World Trade Organization (WTO), the recently founded successor to the old General Agreement on Trade and Tariffs, from the wings to centre stage. Its principal objective is to create the legal and institutional mechanisms, and promote the technical and political infrastructure, that are needed to foster liberalization of trade throughout the world, through the elimination or substantial reduction of barriers to trade in goods, services, and investments of all kinds. The WTO has experienced resistance to its initiatives from protest groups that believe it is failing to address poverty, disease, homelessness, unemployment, environmental degeneration, and other social and ecological consequences of free trade, but the WTO continues to emphasize “export-led development” as the most promising solution to the problems of the less developed countries, even if this results in fundamental changes in traditional ways of life.

There is one final force that should be examined before we turn our attention to the functioning of the modern world system: monetarization, the tendency to turn every activity into an activity with a monetary value and price. The impetus for monetarization emanates from all the other dominant forces of the
economic age. Given their pervasiveness, it is understandable that eventually everything gets drawn into the economic system and given a precise monetary value. This is necessary in order to determine the economic worth of everything, as well as to make it possible to assess and compare everything in terms of the amount of money spent on it or the price paid for it. It also makes it possible to include as many transactions as possible in the calculation of gross domestic product ("the wealth of nations") and taxable incomes. However, while money plays an important role as a medium of exchange, it plays an even greater role as a measure of value. Not only are all things measured in terms of money, but everything is valued in terms of money, as evidenced in the colossal movements of money and capital between countries, dramatic changes in the prices of stocks and other financial assets, the volatility of financial, technological, capital and futures markets, competition among individuals for higher incomes, and the fact that voluntary activities are dying out in many parts of the world because no price is paid for them and no money is spent on them. Whereas, at the beginning of the economic age, the value and worth of products was determined by the amount of labour embodied in production, at least according to the labour theory of value favoured by Adam Smith and other classical economists, as well as by Marx, today the value and worth of goods and services are determined by the prices paid for them, and if no price is paid for them, it is widely assumed that they have no value or worth.

The Modern World System

Of all the developments that have taken place over the past one hundred years or so, none is more important or more pertinent to people in every part of the world than the development of the world system. While the genesis of this system can be traced back to Adam Smith and The Wealth of Nations, it has only been since the early twentieth century, and more particularly since the end of World War II, that the world system has evolved into the powerful and pervasive system it is today. Developments taking place in transportation and communications began to make the world all of a piece, in a way it never had been before, and then the two world wars compelled people and governments in every part of the world to interact on a more frequent, intense and systematic basis. In addition, there was the establishment of many international organizations, most notably the United Nations and its various agencies, as well as the World Bank and the International Monetary Fund, all intended to address worldwide problems and issues rather than local, regional or national ones, and then the intensified development of globalization, as outlined in the previous section.
What stands out most clearly when the world system is looked at in its totality and stripped to its essence is its economic character and orientation. In the most fundamental structural sense the world system is designed to foster the economic development of the various countries of the world, and to facilitate as many commercial, financial, industrial and technological relationships among them as possible. Many other types of relationships take place in this system, including political, social, scientific, artistic, educational, recreational, religious and spiritual relationships (see, for example, Clough), but the principal objectives of the world system are to build up the various economies of the world, and to increase the monetary and material wealth of countries and of the world as a whole.

This is confirmed by the fact that all the countries in the world are ranked according to gross domestic product, rate of economic growth, volume of consumption, saving, and investment, income per capita, and extent of capital accumulation and technological development, despite attempts by the United Nations and other organizations to rank countries on a broader set of social, educational, demographic and economic variables. Countries that have achieved high levels and rates of economic development are considered to be developed, while countries that have not are considered to be developing, creating a pecking order in the world that is based primarily on financial, commercial, industrial, technological and military power. The most obvious example of this is the central importance of the G8, formerly the G7, the group of highly industrialized countries (the United States, Germany, France, Britain, Japan, Italy, Canada, and, most recently, Russia).

Superimposed on the network of developed and developing countries is the "global economy," the aggregate of all the national economies of the world, which in turn are the aggregates of all the municipal and regional economies. Detailed statistics are kept for all these economies and their various components, recording changes in the global economy and allowing evaluations of its overall performance from year to year. This in turn makes it possible to determine whether consumption, investment, saving, employment, and economic growth are increasing or decreasing for the global economy as a whole, as well as for municipal, regional and national economies. Increases in these indicators are taken as signs that an economy is getting stronger, decreases as signs that it is weakening.

International institutions play an extremely important role in this system. Together with the major corporations of the world and the governments of the "developed" countries, they are the most powerful institutions in the world. Their principal, though not their only, function is to help in building up the various economies of the world, and in facilitating as many financial,
industrial, commercial and technological transactions among them as possible. They provide the international infrastructure, and the legal and institutional mechanisms, that are needed to promote economic growth and development, as well as to achieve economic, political and social stability. The World Bank and the International Monetary Fund, for example, provide countries, particularly "developing" countries, with the loans, technical assistance, monetary capabilities, currency stabilization, and balance of payments support they need to develop their economies and promote growth. The WTO, as mentioned above, works out the rules and procedures that are necessary to increase trade among the various countries of the world. The World Economic Forum provides opportunities for economic, corporate, political and intellectual leaders to meet and discuss major trends in development throughout the world, and to plan effective strategies for the future. Meanwhile, such regional organizations as the African Union, Asian Pacific Economic Council, or the Organization of American States promote specific economic objectives, and promote peace and security within their respective regions.

The goals and objectives of the United Nations and its various specialized agencies are more general and diverse, as their function is to assist countries with the growth and development of their societies as well as their economies. This takes the United Nations into the realm of political and social development, the promotion of peace and peacekeeping throughout the world, security arrangements, developments in the arts, education, culture, and the sciences, the welfare of children, the elimination of racism, and numerous other issues. Just how onerous this task is can be realized when consideration is given to all the social, educational, political, military and racial problems that exist in the world today.

Situated squarely in the middle of the modern world system is the United States. As the most powerful country in the world today, commercially, financially, politically, militarily and technologically, the United States plays a dominant role in the functioning of the world system. On the one hand, it provides much of the impetus that is required to fuel growth and development, largely by providing many of the goods, services, incentives, creative stimulation, technological innovation, entrepreneurship, consumption, investment and marketing that are needed. On the other hand, it provides the markets and trade opportunities that are needed for other countries to earn foreign exchange, expand their domestic output, and pay for essential economic, social and political services. This is why the United States has been seen as the epitome of the economic age ever since President Calvin Coolidge said that "the chief business of Americans is business." Globalization is a natural consequence of this world system with the United States at its centre, highlighting the interdependence of
the various elements in the system. Events are not only happening at lightning speed, but are inexorably and intimately interrelated. It is impossible to have a major event taking place in one part of the world today, be it a terrorist attack, a crash in the value of technology stocks, an oil spill, a hurricane, a flood or a rash of forest fires, without affecting people in many other parts of the world.

Not everyone is in favour of this modern world system, with its high priority on economics and economic growth in general, and on the US economy, globalization, corporations, commercialism, consumerism, and international trade in particular. In fact, in recent years there has been growing opposition to it. This opposition has taken many forms.

In some cases, it takes the form of outright rebellion against the modern world system, particularly as it manifests itself in the creation of huge trading zones, the establishment of powerful economic and political “superstates” such as the United States or the European Union, and the concentration of financial, corporate and technological power in fewer and fewer hands. The reactions to meetings of the WTO, the World Bank, and the G8 in Seattle, Quebec City, Gothenburg, Genoa, Cancun, and elsewhere have demonstrated that these developments are having a disorienting and unsettling effect. In other cases, opposition takes the form of countervailing movements aimed at restoring people’s sense of empowerment and control over the decision-making processes affecting their lives, whether through the quest for sovereignty, “sovereignty association,” independence or autonomy, or through the surfacing of interest in neighbourhoods, communities, towns, cities, and regions. The consequences of this are everywhere much the same: the more pressure is exerted towards globalization, “Americanization,” and the creation of a single, homogeneous world system, the more people draw into themselves and institute countervailing measures aimed at providing greater control over their destinies and decisions. Finally, and most conspicuously, opposition takes the form of terrorist attacks on the major symbols of economic, commercial, financial and military power.

Specific countries and groups of countries are beginning to exert a more powerful influence over the areas in which they are situated, either as a result of their desire to capitalize on the benefits of globalization and international trade, or as a result of their desire to break with the dominance of the United States and the constraints of a unipolar world. The most obvious examples are the developments that are taking place in the Islamic countries, which are becoming a much more powerful force as a result of the emphasis on religious fundamentalism and the desire to assert Islamic influence in the world: the rise of China and India, which are exerting powerful influences over significant parts of Asia and the world as a whole as a result of their huge populations, their gigantic market potential, and their rapid development; the drive in
Europe, with its strong historical traditions, to overcome social and political differences through the creation of the European Union; and the beginning of movements in North, Central, and South America, as well as the Caribbean, towards the creation of a free trade zone centered on the United States, although there is considerable resistance to this in South America and Canada. These developments suggest that the world of the future could be much more diverse, complex, and multipolar than it is today.

It is unlikely that the modern world system would be as powerful and pervasive as it is today without the vision that underlies it. It is a vision based on the belief that eventually it will be possible for people in every part of the world to enjoy high standards of living and a great deal of leisure. While it has always been recognized that this ideal state of affairs will be exceedingly difficult to achieve in sub-Saharan Africa, Asia, Latin America, the Caribbean, and parts of the Middle East, largely because of the pressure of human numbers on land and resources in these areas of the world, it has always been assumed that it will eventually be possible to achieve a high level of affluence and a great deal of leisure in these regions too, through commitment to the economic age, the economic worldview, and the economic model of development.

There is one final matter that must be addressed if justice is to be done to the economic age and the way it functions in fact: that is the way in which the economic age is extended in space and in time. The economic age is extended in space through the promotion and dissemination of the economic worldview to more and more countries. At the beginning of the economic age, only a few countries, such as Britain and France, were directly affected, but today virtually every country in the world is affected by it, and affected by it all the time as a result of the developments in communications, finance, transportation, technology, and trade. While there may be a few parts of the world still unaffected by the economic age, they are now the exception rather than the rule. With globalization, computerization, commercialism, and urbanization occurring at phenomenal rates, virtually every country in the world is affected by the economic age.

Just as the economic age is extended in space, so it is extended in time. This results from two powerful developments. In the first place, there is no comprehensive system of thought and practice in existence anywhere in the world today to rival the system of thought and practice on which the economic age is based. This is because, as indicated earlier, most of the time, energy, and effort over the past two hundred years or so has gone into building up the system of thought and practice on which the economic age is based, and fleshing it out.
in areas where it is deficient, rather than questioning its fundamental beliefs and assumptions, or creating a viable alternative to it. As a result the economic age has enormous staying power: there is simply no other system available.

In the second place, there are always economic problems to be solved. And since economic problems are never really solved, this makes it possible to perpetuate the economic age in time as well as in space. No sooner is an employment problem solved than an inflation problem appears to take its place. No sooner is this problem solved than a deficit problem, a fiscal problem or a growth problem emerges. No sooner are these problems solved, if they ever really are, than a stock market problem, a trade problem, a balance of payments problem, or a recessionary problem occurs. The consequence is that other problems and possibilities are almost always put on the back burner as long as there are economic problems to be solved. This has the effect of perpetuating the economic age in a temporal as well as a spatial sense.

This, combined with the fact that more and more people, institutions, and countries rely on the economic age for their income, consumption, employment, and profits, and that the US and world economies are going through a period of readjustment and change, explains why the economic age is carried forward from one generation to the next, despite the fact that there are exceedingly dangerous and potentially life-threatening storm clouds gathering on the global horizon. If it turns out that it is unwise or inadvisable to perpetuate the economic age, what must be kept in mind is that the biggest obstacle to the realization of a different kind of age may not be the inability to visualize a different kind of age, or even to create it, but rather the inability to transcend the economic age, because of its capacity to reinvent itself and perpetuate itself in space and time.