

Humanistic Economics needed to Sustain Society

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Abstract

The current Economics has failed to effectively solve the problems of the human society. An increasing gap between rich and the poor and the usurping of the fruits of development by a few people and countries, bears adequate testimony. The natural ecosystems are being exploited unsustainably and the current consumption of natural resources is exceeding the carrying capacity of the earth. It is time that a human centred and value based economic system is in place so that people are assured of the basic material needs and a dignified life. For this there have to be humanistic interventions by the State. With humanistic regulations of the market, sustainable ecosystems and sustainable societies may exist side by side.

Keywords: Dual self, hierarchy of needs, humanistic psychology, humanistic economics, sustainable society

1. Introduction

Economics is defined as the system of trade and industry utilising the potential wealth of a country. The current capitalist economics is predominantly influenced by the philosophy of Adam Smith, called the Father of Economic Science. Adam Smith opines that economic behaviour is primarily guided by the inherent force of self-interest. When that individual self interest is pursued it automatically contributes to the benefit of society. He advocates free trade for economic progress [1].

The ideas of Adam Smith were elaborated by many other economists and ultimately every single non-economic value like beauty, health or cleanliness came to be valued in economic terms only. A substance had no value if it could not give economic return. The estimated value depends on how much the people were willing to pay for it. It was assumed that everything has a price, thereby according the highest value for money.

The classical economic thought appears to have been much influenced by Charles Darwin's Theory of Evolution and later by Behaviourist psychologists. A human being supposed to have evolved from lesser animals is no more than a social animal [2]. Ethics and social values therefore have no meaning. The "Pleasure Principle" of John B. Watson or the 'Reinforcement Theory' of B. F. Skinner also equated human beings to other animals. Behaviourism held an important place in psychology. Jeremy Bentham's 'Utilitarianism' also proposed that people do things they do because it brings happiness or pleasure to them.

Classical economics and its theories have failed to solve the problems of human societies. The gap between the rich and the poor has been increasing. Unregulated market has only brought social inequalities and injustice. A large population of the world is devoid of the basic necessities of life. While on the other hand a small minority can afford to live in luxuries.

It is in this background that in the 1960s Abraham Maslow came up with a concept of hierarchy of needs. He proposed that the human being is simultaneously that he is and that which he yearns to be. He also emphasized the difference between 'Need' and 'Demand'. Need has a natural capacity. When that capacity is fulfilled, the need is satiated and the person can go on to something else. If need is not fulfilled, it leads to serious deterioration of health of the individual. Different needs are not commensurate, unlike wants or demands.

According to humanistic psychology a person consists of a dual self. The lower instincts of self interest seek one's own advantage. This is the self that finds rationale in free trade. In contrast, the higher self identifies with a common humanity and seeks rationality in objectivity, fairness and truth [3].

Humanistic economics emerged on the premises of human psychology. It was realized that the market is not properly self regulating with regard to either principle or practice, and could lead to social inequality and not adequately meet human needs. The market has an inherent tendency to under supply the needs of a population, while at the same time over supply the desires. It was also realized that mainstream economics is intrinsically a theory of economics sans government. Government by nature, structure and purpose is supposed to make ethical choices. The government can express this capacity in the level of social decision making. When government fails it loses this sense of common interest and descends to the lower sphere of only formulating special interests. Humanistic economics acknowledges government as fundamental to economic process to secure social well-being. Restriction of the

economic force of the market is necessary to avoid over reach of socio-economic and potential jurisdiction of the government [4].

Lutz & Lux have enunciated the following propositions of Humanistic Welfare Economics:

- There cannot be a value-free welfare economics
- There exist objective absolute social values independent of existing individual preferences or market demand
- The goal of an economy ought to be the basic material need satisfaction and dignity for all.
- Meaningful work is the primary avenue towards a fully human economic system.

The humanistic economist recognizes an appropriate technology as the core of a meaningful human welfare economics --- an economics where people matter [5].

2. Sustainable Ecosystems for a Sustainable Society

The economics of ecosystems is a zero-waste economy. Every part of an ecosystem is valuable in one way or the other. But there is an inclination to consider everything as valueless that we have not made ourselves. Economics deals with goods in accordance with their market value, and not in accordance with intrinsic value. This leads to unsustainable exploitation of the forest and other natural resources. The issue of sustainability and recycling has to be taken into account in the management of all ecosystems.

All biological and ecological systems have a degree of resilience. They will tolerate a certain level of stress or depredation, while maintaining the capacity to recover [6].

A sustainable society will require:

- maintaining the integrity of the ecological systems of the biosphere and restoring that when they have been degraded.
- maintaining ecosystems so as to sustain human livelihood.
- maintaining communities and their culture in such a way as to allow people to fully achieve their aspirations[7].

A Welfare State may intervene in different ways so that,

- The exploitation of the natural resources is within the sustainable limits. The 'Precautionary Principle' has to be adopted while dealing with natural ecosystems.
- The economic activities are geared to meet the basic needs of majority and not a mere minority.
- Local and small scale enterprises are not made to compete with the efficiency of the big commercial houses. A distributed production of goods and services is essential for providing meaningful work to the people.
- The system of governance should not interfere with fulfilment of the higher psychological need of self esteem and self-fulfilment of the people.
- The local communities own the bio resources and are empowered to share the benefits in an equitable manner.

Market interventions by a welfare state ensure a sustainable ecosystem and a sustainable society side by side.

3. References

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