Ethics in Concordian economics

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Abstract

Ethics enters the structure of Concordian economics at three crucial stages, not surreptitiously in the background, but explicitly and forcefully. Ethics is a fundamental construct of the theory of distribution of ownership rights and this theory lies at the very core of Concordian economic theory. Next stage: Concordian economic policy is guided by the theory of economic justice. Ethics, finally, enters into Concordian economics in the analysis of daily practices, with emphasis on the play between economic rights and economic responsibilities and focus on the methods of accumulation of capital.

Acknowledgments

This paper is uniquely due to several maieutic interventions, truly beyond the call of duty, by Dr. Wilfred Dolfsma. I also would like to acknowledge a clarification brought to this paper by Godfrey Dunkley. If this paper has become a cogent presentation less exposed to potential debilitating criticism of single points, it is due to innumerable constructive suggestions by two referees of *Forum*. A more detailed background for this paper is contained in "The Economics of Jubilation", an unpublished monograph that has been well received by such a diverse audience as Dr. Michael E. Brady, Dr. John C. Rao, Professor William J. Baumol, and Professor Roger H. Gordon. That work, in turn, is based on a framework of analysis which was greatly assisted for 27 years by Professor Franco Modigliani and 21 years by Professor Meyer L. Burstein, among others.

Short Bio

Carmine Gorga, a former Fulbright Scholar, is president of The Somist Institute, a research organization in Gloucester, Mass. Through *The Economic Process, To My Polis*, and numerous other publications in economic theory and policy, he has transformed economics from a linear to a relational discipline. Dr. Gorga blogs at http://me-a-new-

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Introduction

Ethics appears explicitly at three crucial stages of the structure of Concordian economics. Ethics is inherent in the theory of distribution of ownership rights over financial as well as real resources and this theory is no longer an afterthought to be dealt with at some mythical ideal future state of the economic system, but is located as the core of the economic process: Hence, no action is ever recognized in Concordian economics that does not involve the full force of the theory of distribution of values of ownership rights. In Concordian economics, ethics also enters the economic discourse at the moment of transition from economic theory to the formulation of economic policy: Economic policy is no longer rooted into the political and ideological whims of the moment; economic policy is guided by the age-old theory of economic justice. Ethics, finally, enters into Concordian economics in the analysis of daily practices of economic agents who are endowed with the armor of economic rights and responsibilities and focuses its attention on the processes of accumulation of capital.

Accordingly, the paper is divided into three parts.

Part I deals with ethics in Concordian economic theory. Part II deals with ethics in Concordian economic policy. And Part III deals with ethics in Concordian economic practices.

Part I
Ethics in Concordian economic theory

Concordian economic theory has its roots into the mathematical and logical consequences of inserting an age-old word, hoarding, into the structure of Keynes' model of the economic system (Keynes, 1936: 63). This is the model on which all mainstream, Austrian, and even heterodox theory is built. The initial result of these operations, a result that can be easily duplicated by any willing researcher, is the transformation of the structure of that model, which, in honor of the genius of Keynes, I have named the Revised Keynes Model*. A cautionary word: substantively, the two models represent entirely different intellectual worlds.

Prior to its full presentation in Gorga (2002 and 2010), the new model was reported in Gorga (1982). It was republished with some explanatory notes in Gorga (2008), and is reproduced with minor editorial changes and an addendum—on ethics and the theory of distribution of ownership rights—in the following paragraphs, which, it is worth to emphasize, contain statements that are as true today as they were in 1982 or 2008.

The current crisis in economic affairs must be due to many factors. But in a fundamental sense it is due to structural and conceptual weaknesses contained in Keynes' model of the economic system.

The proposition that S = I is not an equivalence, as it must for it to be formally valid**. The terms are neither reflexive nor symmetric nor transitive. Saving has the potential of assuming 100,000 meanings. And, by necessity, so does Investment. Consumption means spending; but in contemporary economics this meaning is arbitrarily cut off at spending on consumer goods.

Keynes' model must be revised.

Manipulating the original model, one obtains:

Income = Saving + Consumption (1)
Investment = Income - Saving (2)
Investment = Consumption. (3)

The meaning of terms is different in this model. *Saving* means all nonproductive wealth. This term becomes clearer if it is substituted with the word "Hoarding" ***. *Investment* means all productive wealth. And *Consumption* means any expenditure of money (or other wealth).

The relationship between Saving (or better, Hoarding) and Investment is changed from equality to complementarity (originally erroneously identified as inverse proportionality).

Equation (3) becomes a formally valid equivalence by inserting in it the theory of Distribution, and substituting the word Investment with its old meaning of Production. One thus obtains:

Production = Distribution = Consumption ****.

NOTES (Included in the 2008 publication)

** Using the looking glass of S = I, unable to distinguish saving from investment, the economics profession has fallen through the rabbit hole of "Adam Smith's Fallacy". This is the assumption that private greed turns out to be public good. This is a world in which —as today's events confirm and Keynes pointed out—"nothing is clear and everything is possible".

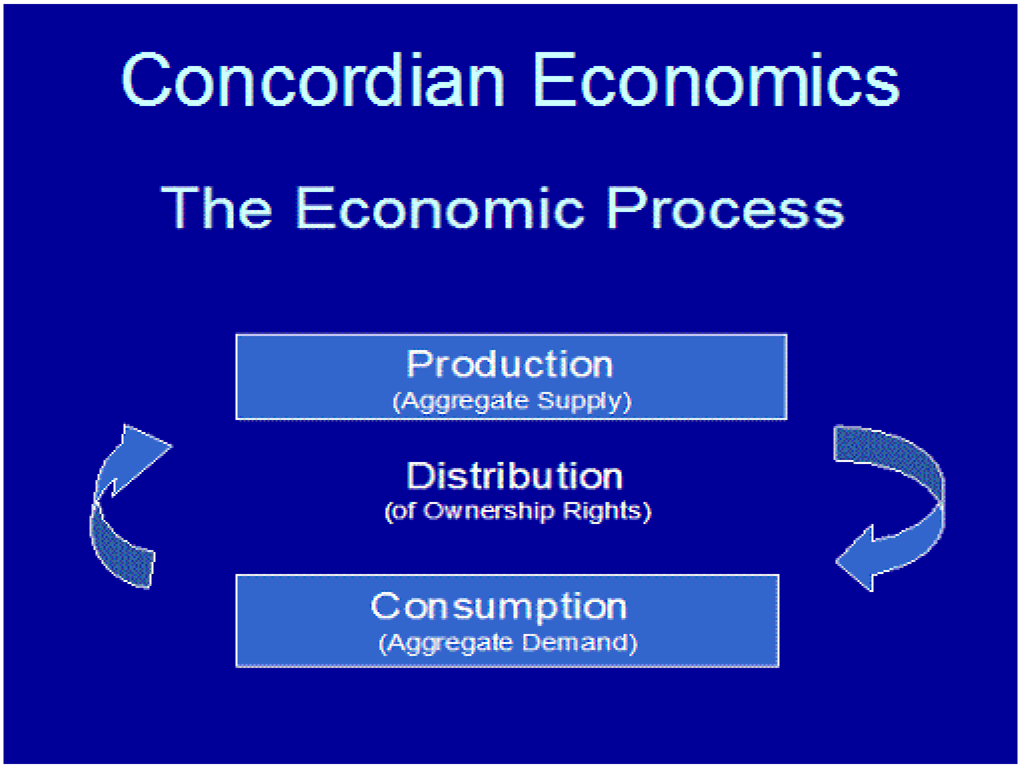
*** Through the looking glass of hoarding, the world looks totally different. Strangely, later, to my unending surprise I had to discover that that is the lens constantly used from

Moses, through Jesus of the Parable of the Talents, to Locke. Adam Smith offered a discontinuity in this millennial tradition.

**** In new notation, this equivalence reads:

$$\text{Production} \leftrightarrow \text{Distribution} \leftrightarrow \text{Consumption.}$$

Graphically, this equivalence can be represented as:



For the full unfolding of this model into the structure of Concordian economic theory, see *The Economic Process: An Instantaneous Non-Newtonian Picture* (University Press of America, 2002 and 2010) and "The Economics of Jubilation: Blinking Adam's Fallacy Away" (in Tavidze, 2010, Ch. 1).

An addendum on ethics and the theory of distribution of the values of ownership rights. Perhaps the relationship between ethics and the theory of distribution ought to be made more explicitly clear. Even though ethics enters into economics at each and every moment of its development, the necessary presence of ethics is nowhere as clear as in the distribution of ownership rights. In Part III we shall make this relation emphatically clear; there we shall also introduce the fundamental distinction between ownership of property rights and ownership of economic rights (see Gorga 1999). For the time being suffice it to say that ethics in economics converges into the application of the theory of distribution of ownership rights and diffuses from there into every corner of daily practices of economics.

When the producer creates real wealth, since the law abhors a vacuum, an ownership right is automatically created; and, since the law is supposed to be rooted in ethics, the values of ownership rights are represented by financial instruments that can be newly created by financiers and are supposed to be created in accordance with the real value of the wealth created. Let us specify: the producer creates a chair worth $200; the value of the corresponding ownership right ought to be worth $200. The financial note to denote ownership of this title ought also to be worth $200. This is the type of values among economic, financial, and legal relationships that the theory of creation of ownership rights obliges us to establish. In simplified fashion, this is how the values of the economic process are created and accounted for at each moment in time. The entrepreneur sets up a joint production with the accountant, the lawyer, and the financier. The financier transforms the static legal note of ownership into a transferable financial instrument.

This is how values of ownership rights are created in theory: how are they distributed? Following customary practical applications of the theory of economic justice, the value of the newly created real wealth and newly created financial instruments is automatically apportioned among the present owners of existing wealth. In Part III we shall enter more deeply into this process by distinguishing property rights from economic rights.

Nor does the story finish there. With every market exchange, there is an invisible transfer of ownership rights among buyers and sellers: ownership rights to goods and services are transferred from producers to consumers, and money—or other financial instruments representing ownership of financial wealth—is transferred from consumers to producers.

These legal, financial, and economic relationships are analytically taken into account in the theory of Concordian economics; hence, one can easily observe whether these relationships are carried forward in an ethical or unethical manner. The legal and financial accounting is one thing; the judgment of the ethics of the operations is necessarily another level of abstraction. Yet, the ethical judgment is neither disjointed nor arbitrary: it is synchronous and objective.

Part II
Ethics in Concordian economic policy

In Concordian economics each and every policy and each and every activity is advanced and judged in accordance with the dictates of the age-old construction of the theory of economic justice, a theory that today is obscured by the prevalence of the undefined and undefinable doctrine of Social Justice. Interestingly, while nearly everyone talks of Social Justice these days, almost no one talks of economic justice.

Needless to say, this dichotomy is a synthetic manifestation of a major dysfunction in economic policy today—worldwide.

But why is Social Justice undefined and undefinable? Long story. Its fundamental flaw is the disjunction of rights from responsibilities. Each and every program of Social Justice wallows in the la-la land of the pursuit of happiness—happiness bought on the cheap. Social Justice attributes rights to some and responsibilities to others.

It is the "individual" person who has all the rights—and his and her rights are multiplying daily nowadays; the "government" has all the responsibilities.

In a robust program of economic justice, an economic policy program advocated by Concordian economics, rights and responsibilities are located in the same economic entity—constantly.

(A revelation has occurred to me just at this writing: No wonder feeble minds with weak spines, exposed to Concordian economics, fade away like comets; while sturdy minds, once attracted into the orbit of Concordian economics, stay with it forever, forever contributing and forever wanting to know more about it.)

The structure of the theory of economic justice, which, although not practiced, can still be read in the documents of the Catholic Church, was presented in Gorga (2007) and is reproduced in the following paragraphs with two additions: one concerns the enlarging, whenever necessary, the focus of observation from the Church to Concordian economics and to society as a whole; the other concerns making explicit the relationship between Concordian economic theory and Concordian economic policy..

Underlying the doctrine of economic justice is the Aristotelian/Thomistic division of justice into political and economic justice. The principles of distributive and commutative ("exchange") justice are part of the Church's ancestral patrimony. Since *Rerum Novarum* (# 34 and 46), the Church has been adding to them the plank of participative justice, offering thus a full-fledged theory of economic justice.

The three planks of the theory of economic justice are related to the tripartite division of classical economics into production, distribution, and consumption. Simply, people who participate in production are empowered to participate in the distribution of wealth; and owners are free to exchange their share for other goods and services, invest it anew in the process of wealth creation, consume it—or give it to charitable purposes.

Anchored in morality, the theory of economic justice establishes the rules, the invisible threads—peculiar to each culture and age—that connect us by mutual rights and responsibilities (*RN*# 2, 10, 12, 13, 14, 15, 25, 37, 53, 58). These rules transform wealth from a material entity into a force that affects the quality of life of people and society, because property is indissolubly linked to life and liberty.

The Content of Economic Justice

The Doctors of the Church defined the principles of distributive and commutative justice. They left the plank of participative justice unspoken, for reasons to become apparent forthwith.

Participative Justice. Owning a farm was for ages the main way to participate in economic life; and, since in the Jewish, Greek, Roman, Christian, and Muslim tradition most studies were done by and for landowners, the issue of participative justice did not arise early on. Landowners did not necessarily till the land—just as stockholders do not necessarily sit at the assembly line. Over the centuries, landowners established relationships with tenants, who did the tilling and received an agreed-upon proportion of the product. The dispossessed had a right of access to the commons, through which they became landowners in fact, if not in title.

With the enclosure of the commons, the economic condition of Europe changed radically. And the need to address issues of participative justice eventually became explicit because, as Pope John Paul II maintained in *Centesimus Annus* (# 33-35), either people and nations participate in the economic process or they are marginalized—are made poor and placed at the margins of society.

One participates in an enterprise through sole proprietorship, partnership, membership in a cooperative, or holding stock in an incorporated business. These are forms of private enterprise traditionally fostered by the Church and acknowledged by society at large.

Workers do not participate in the life of the corporation for which they work because, legally, they are outside contractors: They offer their labor services and receive wages. The traditional support of the Church and society at large for unions is due to the recognition that labor unions tend to equalize the relationship between the individual worker and the powerful combines that have been formed during the last two centuries. But unions do not provide final protection. Hence the challenge to transform human beings into owners, launched by Leo XIII (*RN* # 46), represents the most living and vital portion of the Church—and society at large—moral engagement with the socio-economic structures of contemporary society.

Distributive Justice. Participation in production is not enough. Issues of fairness in the distribution of income and wealth also need to be addressed. Rooted in the Jewish tradition of the jubilee, the doctrine of distributive justice spans the arch from consideration of grace from overpowering financial debt to perennial vigilance against monopolies. The keystone in the construction of distributive justice during the Middle Ages was the status of economic "superfluities" as legally belonging to the poor. The Church collected the surplus and made it available to the poor. No questions asked—urged St. John Chrysostom.

Commutative Justice. The definition of just price as any *competitive* price, first reached by the Doctors of the Church, forms the foundation of commutative justice. The doctrine covers condemnation of practices that run contrary to doctrine as well as encouragement of practices that foster competition in the market. Usury, defined as the exchange of money loaned for excessive interest payments, an issue very much alive in the Muslim tradition, used to be a primary target of the moral wrath of the Church and society at large. No space was left open to chance—hence the practice of guilds as administrators of fair prices, quantity, and quality was wholeheartedly embraced by the Church and society at large. In commutative justice one finds the moral justification for much contemporary anti-trust legislation.

The attentive reader will have noticed the self-similarity of the structure of the economic process and the structure of economic justice. There is a one to one correspondence between participative justice and production; distributive justice and distribution of ownership rights; commutative justice and consumption or expenditure of financial resources. One looks at the world of economics from the point of view economic theory, the other looks at the world of economics from the point of view of economic policy.

This is the structure of economic justice in bare bones: Does an economic activity—or more generally, an economic policy—offer fair participation in production, distribution, and exchange of wealth? Then it is just. Technically, if prices of factors of production are set unfairly high, participation becomes prohibitive; if excessive values are distributed to some, these factors become overpriced and others underpriced; then the basis for objective evaluation of fair prices in the exchange of wealth vanishes. Adumbrated in these positions is the reality that unfair prices do not lead to efficiency.

Justice and Charity

Through comprehensive application of the theory of economic justice, Concordian economics treats all members of society alike and, by protecting everyone, protects especially the poor who are otherwise abandoned to themselves and absent from the table where vital decisions are taken by the powerful and the efficient. This effect suggests the need for a clear distinction.

The call for justice is not a call for charity. While justice, according to St. Thomas Aquinas, exercises a practical (cardinal) virtue, charity exercises a theological virtue. The need for charity generally signals a failure of justice. More, in *Quadragesimo Anno* (# 4) Pope Pius XI issued a firm injunction against using charity ”to veil the violation of justice”.

Indeed, the full exercise of economic justice is essential to the success of charity. Only if its need is rather miniscule, the call for economic charity can be fulfilled. We are not saints. Charity, high as it is in the moral sphere, is a last resort in the economic sphere.

Part III
Ethics in Concordian economic practices

Each and every action in Concordian economics is judged in accordance with the following mental apparatus, which was presented in Gorga (2009) and is reproduced in the following paragraphs.

Lack of an Existing Tool Kit

"High" mainstream economic theory is silent on the practices of economics. This neglect is not due to chance; rather, it is due to the assumption that, since economic practices are determined by society at large and are supposedly controlled by allied social disciplines, they lie outside the economist's field of expertise. Indeed, having abandoned the field to lawyers, and ethicists, and philosophers, and sociologists, and political scientists, mainstream economists have become passive takers of a proposition that lies at the very core of the issue. This is the proposition that present ownership rights provide practical rules for the distribution of future ownership rights. The proposition has long legs, because it determines the pattern of future distribution of income and wealth. Economists observe every day the manifold negative consequences of this belief, but feel powerless to even address the issues. This is another juncture at which, by taking themselves out of the discussion, economists are threatening to make economics a socially irrelevant discipline.

To regain their power, economists have only to look at it as an economic, rather than a legal, political, or moral issue. If they do that, they discover that their assumptions are faulty. The error is elementary. The reasoning is circular. In order to enter and to break this circular form of argumentation, namely that present property rights determine future property rights, economists need to remember that property rights are pieces of paper: a piece of paper does not—and cannot—create real wealth. It is not even the *exercise* of property rights that creates real wealth. Property rights are a bundle of rights that link human beings to things. Their current owners may wish as hard as they can, it is not in the nature of property rights to create wealth.

It is not the use of property rights, but the use of property—namely, the use of real goods and services—that creates new wealth. The distinction is fundamental. The discussion is shifted away from the abstract legal field on to a concrete field. The discussion is focused on the observation of the economic reality. The use of real goods and services to create new wealth is infused, not by property rights, but by the exercise of economic power. To an economic power corresponds an economic right. As specified below, temporally, logically, economically, and legally, economic rights precede property rights. Economic rights are the generators, the fathers and the mothers, of property rights. The nature of economic rights becomes clear when the two rights, economic rights and property rights, are observed as separate and distinct entities, and then both rights are placed in contraposition with entitlements. The three terms are often used as synonyms. They are not. As specified in Gorga (1999), First, the content of these three entities is different. The object of property rights are *marketable things,* tangible or intangible things such as material goods and services. The object of entitlements are *human needs,* from food to shelter to health. The object of economic rights are *economic needs.* Second, the legal form of these three entities is different. Property rights are *concrete legal* titles over existing wealth; economic rights are *abstract legal* claims over future wealth; and entitlements are *moral* claims on wealth that legally belong to others. Finally, the quantity that they measure is variable. While both property rights and entitlements relate to existing wealth, and therefore a necessarily finite quantity, economic rights relate to future wealth, an unknown and elastic—if not a potentially infinite—quantity.

Economically, and consequently legally, real wealth is created by the exercise of economic rights—indeed, economic rights and economic responsibilities, as we shall see. Hence economists are fully entitled to extend their competence to the field of economic rights and economic responsibilities. Economists will discover that the field is wholly within their range of expertise and responsibility. At the end of this journey, economists shall be able to offer to lawyers, ethicists, and philosophers, as well as political scientists and politicians, this proposition: Future ownership rights are determined, not by property rights, but by economic rights—indeed, they are determined by economic rights and economic responsibilities. Thus the closed circuit that at present imprisons economic theory, the proposition that property rights beget property rights, is broken. Economists are in charge of economic issues.

New Tools to Control Economic Practices

The transmission belt that carries principles of economic justice into the complexity of modern economic life, and shapes objective guidelines for the formulation and evaluation of just economic policies is the presence of economic rights and economic responsibilities (ERs&ERs), both lodged in the same person at the same time. These two conditions need to be clarified. Economic rights and responsibilities need to be lodged into the same person, otherwise one does not follow an economic discourse in which everything is strictly related to everything else; rather, one follows escapism: if my father, my uncle, or the state is responsible for my welfare, we are lost, as Keynes used to say, "in a haze where nothing is clear and everything is possible" (Keynes, 1936: 292). The second condition is equally important. Economic rights are rooted, not in abstract morality, but in our own concrete economic responsibilities (*cf.* Gorga, 1999).

ERs&ERs come forward in response to the well-known requirements of the factors of production identified by Classical economists as land, capital, and labor—with the addition of a modern distinction between financial and physical capital. (This is a Schumpeterian perspective.) Guided by these economic needs, our focus of attention is on the satisfaction of the plank of participative justice; successive iterations that are mostly skipped in this presentation would reveal that the same rights and responsibilities satisfy also the requirements of the planks of distributive justice and commutative justice. A minimal set of economic rights and corresponding responsibilities is as follows:

1. *We all have the right of access to land and natural resources.* This is a natural right. It belongs to us just in virtue of our humanness. Land and natural resources are our original commons. They belong to us all. This is an essential right, because without the possibility of exercising it, we are deprived of the possibility of participating in the economic process. And without this participation, we are marginalized; we are made dependent on the good will of others. The most direct way of securing this right in the complexity of the modern world is neither through squatting nor through expropriation; rather, it is through the exercise of **the responsibility to pay taxes** for the exclusive use of those resources that are under our command—with a corresponding reduction of taxes on buildings and man-made improvements on the land. The exercise of the responsibility to pay taxes on land has a double function: It secures our right to the use of the resources that are under our command and it also makes room for others to access land and natural resources that they need. Land taxation is the economic bridge between hoarding, namely the accumulation of idle land, and the right of access to that land with its natural resources. Paying taxes on the value of land and natural resources gradually encourages dis-hoarding, hence it lowers the price of the land, and correspondingly opens up the resources of that land to all those who need them and can make use of them. Worrisome hoarding is especially that which occurs both downtown and in the belt surrounding major cities and towns. It is to leapfrog over this belt that people go to the suburbs in search for affordable land, thus creating overstretched lines of communication and protection and overlong commuting lines—with consequent waste of fuel that overtaxes nonrenewable resources, the ozone layer, the pocketbook, and the nervous system. Paying taxes on land value is a most fair form of taxation, because it implies returning to the community part of the value that is created, not by the individual owner, but by the community. Land that sits idle does not produce income, true; yet, it produces capital appreciation over time: Rare is the case of capital loss; and even when that occurs, the relative loss tends to be smaller than the loss on other assets. (To see how this pair of ERs&ERs meets also the requirements of distributive and commutative justice, let us simply consider that, if one avoids taxes, the total tax load is not going to be distributed fairly among the population. And if one avoids taxes, one obtains something—*i.e.,* private control over a quantity of resources—for which one does not offer proportionate compensation to the rest of the community.)

2. *We all have the right of access to national credit.* Since national credit is the power of a nation to create money, and since the value of money is given by the value of wealth left over by past generations and the creativity of every person in a nation, national credit is the last frontier, the last commons. Without access to credit today one is made economically impotent. Worse, since this advantage is granted to the privileged few, it is automatically denied to the majority of the population who are henceforth condemned to pay a higher rate of interest, if they obtain credit at all. Of course, such a loan should be extended only on the basis of **the responsibility to repay the loan**. And these loans will have a high chance of being repaid because they ought to be issued at cost and issued exclusively to individually owned enterprises, Employee Stock Ownership Plans (ESOPs), and cooperatives, as well as states and municipalities with taxing powers, and issued exclusively for capital formation, namely for the creation of new wealth—not to buy financial paper, consumer goods or goods to be hoarded or to cover administrative

expenses of states and municipalities. Capital credit liberates people, while consumer credit enslaves them.

3. *We all have the right to the fruits of our labor*. This right should not be limited to the right to obtain only a wage. It should be extended to cover the other major fruit of economic growth over time: capital appreciation—as well as being subject to capital loss, of course. The only justification for reserving capital appreciation for stockholders, the owners of a corporation, and excluding workers from it, can be found in the fact that loans are given only to owners of past wealth (the Catch-22 of today's economic reasoning: "save and invest and you too can become rich"—as if this proposition were either economically feasible or ecologically sustainable.) But from now on this right can be extended to people who do not have prior wealth through the right of access to national credit—especially by legally transforming workers into owners through individually owned enterprises, Employee Stock Ownership Plans (ESOPs), and cooperatives. Of course, this full right should be extended only in correspondence with **the responsibility to offer services** of value equivalent to projected compensation. And there will be an outpouring of such services because, while in a command and control economy workers are requested to check their brain at the factory gates, in a socially responsible economy—an economy in which rights are exercised on the basis of responsibilities—workers/owners are legally, socially, and psychologically empowered to exercise their brain fully at their work post.

4. *We all have the right to protect our wealth.* This right seems to be universally accepted, except in one case that matters most: in the case of the trustification process, the process used especially after the Civil War in the United States to create corporate trusts and repeated in a hundred subtle variations ever since. (People feel free, not only to acquire shares of the stock of one corporation, but free to use that stock to acquire another whole corporation by all forms of trusts, mergers, and acquisition. The very idea of the corporation, forever a public entity, has thus been privatized and monetized.) There are two ways in which corporations grow: One is through internal growth, and this approach ought to be protected in no uncertain terms; the other is through external purchase and, with limits, this manifestation ought to be prohibited in no uncertain terms. Why? Because this prohibition is the only certain way to protect the wealth of present owners. And if it is assumed that most stockholders of the modern corporation are happy to have their shares bought and sold on the market, it must be granted that growth-by-purchase takes wealth away from workers who have contributed to create that value—and many times, in the trustification process, lose their work site as well. All in the name of efficiency—a misnomer that stands for private financial gain generated at the expense of shifting costs onto the shoulders of the community at large. Of course, this right ought to be purchased only at the cost of **the responsibility to respect the wealth of others**. These are two-way streets. We cannot even attempt to restrain the Pac-Man economy, while we use Pac-Man instruments.

These economic rights and responsibilities can be exercised by anyone who does not only want to receive economic justice, but also wants to grant economic justice to others. Indeed, these are the essential conditions for the establishment of economic justice, as well as the establishment of a free enterprise system, in the modern world. As a consequence of the dynamics of the implementation of these four marginal changes in our current practices, economic freedom will be expanded to embrace all who want to subject themselves to the rigors of the economic process—and then the few remaining hard cases can be easily taken care of by charity. No. There is no compulsion in any of the above suggestions. The landowner can pay more taxes and control more land or can escape the tax levy altogether by reducing land ownership to zero; the applicant for a national loan can escape the constraints suggested for access to national credit by tapping into private capital markets; the worker can escape the responsibilities of ownership by vying for a job rather than an equity position; and the owner of physical capital can escape the constraints implicit in the proposed anti-trust policy by remaining below the trigger of an agreed-upon threshold for growth-by-purchase prohibition. This prohibition should apply to the largest corporations first and be gradually expanded to include eventually all except, let us say, corporations engaged in intrastate or regional commerce.

Intellectually, the proposed economic rights and economic responsibilities perform functions outlined in the conception of "general abstract rules" by Hayek (1960: 153), the "original position" by Rawls (1971: 12, 72, 136, 538), the "reverse theory" by Nozick (1974: 238), and the "Principle of Generic Consistency" by Gewirth (1985: 19); practically, they will function as Gladwell's (2000) "tipping points". Ultimately, it was a poet, Vincent Ferrini (2002), who caught the essence of economic rights and economic responsibilities by identifying their ability to provide "the answers to universal poverty and the anxieties of the affluent."

Operating as tipping points in our *modus vivendi*, ERs&ERs will set in motion a process of interdependence that respects the reality of economic affairs, and the reality of human relationships. Recognizing that most people and most businesses always act morally, the increasing number of "bad apples" that at times seem to receive all the attention (and envious support) of a superficial intellectual world will be recognized as dangerous exceptions, perhaps ostracized, but certainly no longer applauded. Once the tendencies of these people are kept in check, all wealth will be distributed, not equally—that is meaningless utopianism—but fairly. The assurance for this result resides in the transformation of the current social contract into a legal contract: when landowners pay their share of land taxes, they will sell their hoards and access to land and natural resources will automatically be opened up for most people; when people will get access to national credit, many will become independent entrepreneurs; when workers are transformed into owners, they will have the legal tools to demand a fair distribution of income; when growth-by-purchase will mostly become a forbidden activity, most corporations and most employee/owners will preserve their independence. These measures, by consistently curbing the excesses of the few for a period of at least ten years, will cumulatively lead to a fair distribution of income and wealth. To reassure ourselves of this outcome, let us comprehensively look at the issues from another point of view. If land owners were to use their possessions of land and natural resources efficiently (with efficiency measured through lower private capitalization and higher effective demand), would there be such wanting in the world? If national credit were made available to all entrepreneurs at cost, would we not translate the immanent reservoir of creative powers into economically profitable ventures? If workers were transformed into worker/owners, would we not increase our extant productive capacity incommensurably? If corporate growth-by-purchase—with accompanying translation of that economic power into corruption of our political system—were curbed, would we not obtain less concentration of economic power into a few hands?

All four ERs&ERs naturally lead to a fairer distribution of income than prevails today. Eventually, with a fair distribution of income and wealth, there will no longer be any need for redistributive programs, which are an expression of double utopianism (first, people as if living in la-la land are allowed to accumulate much, no matter how; and then they are expected to peacefully discharge their ill-gotten wealth). Preserving their current wealth, the rich will grow richer at a steady but slower pace; and the poor will no longer be poor, because they will have all they need. Lacking fuel at both ends, violent oscillations in the business cycle will be abated.

We will thus recover the essential truth of economics. This is the truth that there are two conditions of growth: economic freedom and economic justice, as concrete expressions of freedom and morality. Both are essential. The relationship between the two is quite clear: While freedom does not necessarily bring justice with it, justice unavoidably brings freedom. One can abuse freedom by denying freedom to others, one can never abuse justice. Hence, the initial condition of freedom for all is proof positive of the existence of economic justice in the land. This is economics that is socially relevant. And the relevance is not an afterthought. The relevance is implicit. The social import of economic theory is realized when the distribution of ownership rights is seen as an integral part of its constitution; and the social import of economic justice and economic rights and responsibilities is simply stated: We must prevent all foreseeable injustices from occurring. Once an injustice has occurred, there is nothing that can be done to undo the dastard deed. This is the bosom of realism.

One last question: Is the proposed program of action the latest expression of utopianism? The curt answer is: No. Utopianism has consistently been based on the wishful thinking of a single person. The proposed program of action results from filling in the gaps of a millenarian train of thought that, in a seamless web, extends itself at least from morality to economic theory and from there—through economic justice—to economic policy and practice. Utopianism promises immediate results, as if by magic. This proposed program of action asks for concerted, protracted effort. Whatever life Utopianism has, it is based on the fanatical following of a small group of people who try to force it upon the will of the multitudes. The proposed program of action is expected to be readily understood and spontaneously implemented by the multitudes.

Conclusion

Ethics enters most forcefully the field of Concordian economics at three crucial stages: At the center of Concordian economics, namely at the center of the analysis of the economic process, lies the theory of distribution of value of ownership rights—with ownership rights being composed of both property rights and economic rights. Thus the central problem that bedevils contemporary economics is brought into the field of economic analysis and under control.

The economic process is defined as the integration of the production (of real wealth), distribution (of ownership rights), and consumption (expenditure of financial instruments).

The theory of economic justice controls decisions in the field of Concordian economic policy. And the clear attribution of economic responsibility determines the creation of economic rights in daily Concordian economic practice.) Thus rooted, not only present and future, but also past property rights will be able to withstand any ideological ill wind.

The theory of economic justice comprises three planks: participative justice, distributive justice, and commutative justice. The theory of economic justice is the mirror image of the economic process: one cannot be separated from the other, just as it is impossible to separate a person from its shadow.

Rather than trying to summarize what has been said above in the field of Concordian economies practices, allow me to give you in a few sentences the brutal core of this analysis both in a negative and a positive format. This core was offered on December 12, 2011 as a set of comments to Radford (2011). Here they are:

Economics without ethics is an empty mental exercise. The ethics of economics are exceedingly simple. They can be reduced to this one maxim: Do not steal.

If you do not pay taxes on land and natural resources that are under your exclusive command, you steal from members of your community who will have to pay correspondingly higher taxes.

If you enjoy exclusive use of access to national credit, a common good, you steal from others in your community who will have to pay you interest for their loans.

If you pay wages, you steal from your workers the fruits of capital appreciation.

If you agglomerate wealth into your hands using unethically acquired financial resources, you steal future capital appreciation from existing owners.

It would not be healthy to leave this text on a negative and perhaps frightening note. Let us therefore observe the same economic reality with an optimistic eye. The basic recommendation of this paper is this simple: Foster economic policies that avoid all these four temptations to steal, nay, equalize the initial conditions among all citizens of a nation, and you shall automatically put the economic world aright. Once distribution of wealth as it is created occurs fairly, the need for its re-distribution will vanish.

The economic condition of the world has been allowed to deteriorate to such an extent that these words might appear as a practice of magic rather than hard economic analysis. This would be a wrong inference. For detailed analyses of the expected consequences, see especially Rawls and Hayek. Above all, to see how realistic they are, Concordian economic policies and practices have to be put in the context of time. Then it will be realized that the expected result will be obtained not overnight but as a consequence of perhaps ten years of steadfast transformation of Concordian economics into daily reality. As in tipping points theory (and chaos theory), a new world will automatically arise in the very application of these practices.

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