

# Economics For People – Bangladesh's Future

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## **Introduction: Dreams Becoming Realities**

In 1998 and again in 1999, Dr. Norman Kurland, President of the Center for Economic and Social Justice (CESJ) of Washington D.C., USA, visited Bangladesh; each visit was for 2-3 weeks. He presented new, exciting ideas on how to take advantage of situations of poverty for the universal good of a people. He spoke about ways to turn prisoners into productive members of society who could build their futures while completing their imprisonment terms. Big cities, overwhelmed with garbage and other wastes, could turn these burdensome realities into profitable sources of energy, valuable economic resources. He proclaimed that least-developed countries (LDCs) such as Bangladesh could leapfrog conditions of inherited, deep-rooted poverty and become economic leaders of the 21st century world.

At first, Dr. Kurland's presentations seemed more like dreams than practical possibilities. However, he met and discussed with the economic leaders of Bangladesh including Muhiuddin Khan Alamgir, Wahiduddin Mahmud, Rehman Sobhan, Mohammed Yunus, Muzaffar Ahmed and many others including labor leaders, government, banking, donor, media, university and NGO personnel. In June 1999, Dr. Kurland sent complimentary copies of a new publication to 16 persons whom he met here in Bangladesh. The book sent was Binary Economics: A New Paradigm, written by Dr. Robert Ashford of Syracuse University Law School in the USA and Rodney Shakespeare, an insightful economic author in the UK.

Though not myself an economist, either by training or trade, I was able to clearly comprehend the brilliance and relevance of this new science of economics. As a rural development practitioner in South Asia since 1978, I fully realize the fundamental importance of both economics and politics for eliminating poverty. Binary Economics: A New Paradigm offers the scientific basis upon which the "dreams" presented by the charismatic Dr. Kurland are beginning to be and will continue to

become reality. The dream that an LDC like Bangladesh can become an economic leader in the world is possible if the science of binary economics becomes the new foundation for economic life in the country.

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## **A World of Extreme Wealth and Immense Poverty**

Humankind is living in a scientifically and technologically rapidly changing world, but forms of government and economic systems which today shape the quality of life for people were developed before the revolutionary changes in our ways of living took place. Adam Smith and Thomas Jefferson were 18th century thinkers; and Karl Marx was a mid-19th century thinker. The theorists who helped form the economic and political systems by which we live today knew nothing about automobiles, airplanes, space travel, telephones, televisions, cinema, computers, bio-engineering and bio-genetics. The economic theorists upon whom our present economic systems are based lived before there were multinational corporations, before the process called "globalization", before the existence of robots which assemble automobiles--at a time where labor was considered more important for productivity than machinery, research and organizational techniques of production. The economic and political systems of the past simply do not work properly in today's world.

One of the most unfortunate results from having economic systems which are not appropriate to today's world is that wealth is becoming more and more concentrated in the hands of a very limited number of people while immense numbers of human beings are living in insecurity, not even having sufficient income from their labor for providing adequate food to their families. Dr. Edward Wolff of New York University in the USA, after extensive research on the income and wealth patterns in the American economy, has documented how a limited number of persons in the USA are becoming immensely wealthy while the majority are becoming poorer, their lives more insecure. In his recent book *Top Heavy* he mentions that in the United States: "...in 1992, the financial wealth of the top 1 percent households was greater than the combined wealth of the bottom 90 percent" (Edward N. Wolff, research based on the Federal Reserve's Triennial Survey of Consumer Finances). Also, "...the wealth of the nation's four hundred richest families grew by an average \$940 million each from 1997 to 1999, whereas over a recent twelve-year period (1983-1995), the modest net worth of the bottom 40 percent of households plummeted 80 percent.

Jeff Gates of the USA in his book *Democracy At Risk: Rescuing Main Street From Wall Street*, published in April of 2000, has shown that a similar situation exists worldwide. He states: "...a globalized economy in which the world's two hundred richest people more than doubled their net worth in the four years to 1999 to more than \$1 trillion--on

their net worth in the four years to 1999, to more than \$1 trillion on average \$5 billion each.... Their combined wealth ... now equals the combined annual income of the world's poorest 2.5 billion people" (p.xiv). The pattern of concentration of wealth has been steadily increasing over the last several decades, gaining added momentum with time. It is obviously a result of the existing economic system, the so-called free market system and the globalization process. With the concentration of wealth, there is also a concentration of political power. This is why Jeff Gates and many others say that faulty economics is leading to a loss of democracy. People who are insecure, dependent on others economically, cannot act independently in regard to politics and government. They lose power to make the decisions which have the most impact on their present lives and their futures.

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## **With Binary Economics, All Become Owners And Wealth Is Shared**

Binary Economics: A New Paradigm analyzes the causes for growing concentration of wealth in a few hands and growing insecurity and poverty for the world's masses. The book traces the historical roots of the present economic system from Adam Smith through other important economists including Karl Marx and shows where, limited by the realities of their times, the great economic theorists of the past constructed a system which could not help but become outdated due to a faulty perception of the role of labor compared to the role of capital in the production process, in the creation of wealth.

Binary economics demonstrates the absolute necessity of considering capital as a second essential factor in production together with labor. The meaning of "binary" is that there are two productive factors, not one. The role of capital in producing wealth is rapidly increasing while the role of labor is greatly decreasing. This is why those who own capital (factories, corporations, machinery, technology) are rapidly increasing their wealth, while requirement for labor, its importance in production and its value is decreasing. Ownership of capital is, therefore, the key to wealth creation in today's world. In the time of Adam Smith and later Marx, labor was central to productivity; today capital has replaced it as the central factor.

However, the economic system of today denies the possibility of ownership of capital to the vast majority of people. They can depend only on their labor, which is becoming less "valuable" due to the revolutionary growth of technology. The only solution to growing inequality and increasing poverty is to restructure the economic system to make it possible for all to become owners of capital. Ownership has to become a universal and fundamental human right.

## **A Binary Economic System Is Practical; It Will Become Global**

Is it practical to envision that all people could become owners? If ownership was widely distributed, as proposed in binary economics, how would the overall economy of a nation or the world be affected? These two critical questions are fully discussed in Ashford and Shakespeare's book. Louis Kelso of the USA is the original thinker who began to study deeply the historical roots of the current economic problems, to identify their causes and to find creative solutions. Many of the solutions have been in process of development in the USA and elsewhere over the past 4 decades. Employee Stock Ownership Plans (ESOPs) are, no doubt, the best known of the initiatives so far promoted. ESOPs have now spread outside the USA to Egypt and other countries. Courses in binary economics are beginning to be taught in a few universities in the USA. On November 18, 2000, the University of the District of Columbia in the capital of the USA (Washington D.C.) held a day-long conference on "Capital Homesteading: Teaching and Applying Economic Justice in the Nation's Capital". Its purpose was "... to explore some innovative concepts and applications aimed at transforming the District, with special emphasis on our poorest neighborhoods, into a global model economy for the 21st century." Even without a fully supportive legal and financial structure in any country, the growing number of initiatives for implementing the new system based on binary economics is showing excellent promise for distributing wealth among more and more people, as well as enriching local economies.

What could be expected to happen if any country or the world economy were based upon the principles advocated in the binary economic system? The authors of *Binary Economics: A New Paradigm* convincingly present the case for much faster growth and a much more stable and really free market economy. As more and more people become owners and begin sharing in the dividends produced through ownership of capital, their purchasing power will be strengthened, making it possible for them to get more of the material goods leading to higher standards of living. Since market demand would thus increase, the requirement for increased production would lead to additional growth in the economy.

The case for an economic system based on the principles of binary economics is further strengthened by its ability to make use of nearly all present economic structures, requiring only some changes in policy, a few new financial institutions and some legal reforms. These are adequately and clearly detailed in Ashford and Shakespeare's masterpiece.

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## Why Not In Bangladesh?

Why should the already wealthy and powerful American citizenry be the first and main beneficiaries of the economic system of the 21st century? Why should Egypt be the most progressive Muslim country in adopting this beautiful economic system? Why should China be so interested as to put into the Mandarin language materials related to this new system? Why should Russia and Eastern European countries be moving ahead with study and implementation of the practical programs following from binary economic theory? And why should the leaders of the poorest countries of Africa be enthusiastic about incorporating binary economic structures into their plans for bringing their people out of their downtrodden LDC status? Above all, why should not Bangladesh be most progressive of all in studying, researching, and implementing the new system built upon principles of binary economics for the elimination of its widespread poverty, its growth in democracy and for building a stable and thriving national economy?

Certainly Bangladesh has all the ingredients required for taking the farsighted and bold initiatives required for bringing this new system to its people. If there is concern that the donor community, which provides critical financial assistance to Bangladesh, might try to obstruct such a new policy direction, such concern may prove totally unrealistic. In discussions with representatives of ADB, IMF, the World Bank and USAID in 1999, Dr. Kurland found no objections or reservations on the part of any of the donor representatives. With its tens of millions of poor and its numerous highly qualified economic experts and many dynamic leaders in all professional sectors, Bangladesh is an ideal place for becoming the first nation to fully adopt this economy of the 21st century.

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