

New technologies will pick up flagging economy

cont'd from p. 7

The whole basic economic theory based on land, labor and capital is obsolete. Those are not the primary inputs into the economic process. And even then the concept of labor is not properly figured in because we take labor almost as a liability—we write it off as an expense when in fact it is an asset.

There's very poor investment in human resources as an asset in the corporation and as a country. A country that fails to invest in its human resources gets left behind; whether it's through education or what have.

Similar with technology and information. They're not recognized in accounting statements except as, again, an expense of producing it. Yet, it's the best asset you have in terms of generating economic wealth through improved efficiency. So, these concepts need to be rethought and economic textbooks need to be rewritten in terms of what will work and what liberal-minded university population.

Q. How does all this relate to the world debt crisis. During your talk you related the historical development of technologies, economic boom and busts and today's debt crisis? How does all this relate?

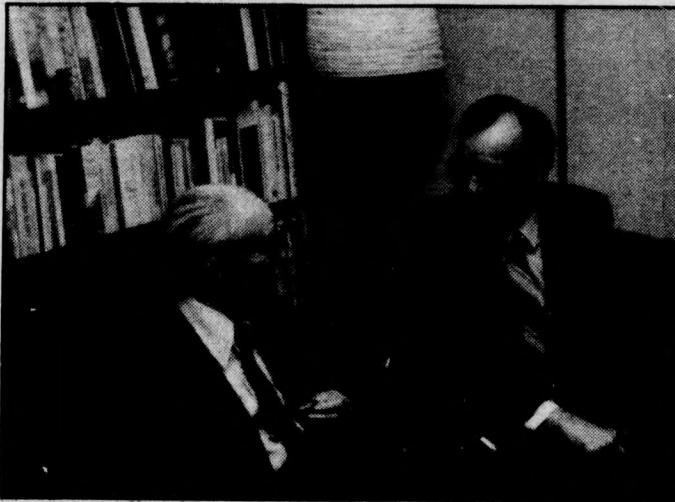
A. The world debt crisis has arisen because of overinvestment and borrowing too much money on anticipated future wealth which is not coming because the new technologies are not yet sufficiently in place.

In addition, even the way we account for the debt is not a proper way of accounting because the accounting system is become increasingly invalid.

Q. Could you explain that a bit, I don't really understand that.

A. It's very hard. It's because of the information economy, you see. What is the true value of the assets that we have? Those things don't get properly accounted for.

There has also been too much emphasis on economic output in its absolute sense, in the quantitative, rather than its qualitative sense.



York's Eric Trist with Feather

GRAHAM THOMPSON

We're always striving to produce in dollars and cents but it doesn't necessarily mean we're becoming better off in terms of our standard of living or quality of life. So some of these concepts need to be rethought. The way we do our bookkeeping and accounting is an industrial-type thinking process, an industrial-type logic, which is not appropriate to the new age.

Q. So what we have to do then to move forward is to change our conceptions about the economy...

A. And what it is we are trying to achieve. We're trying to improve the lot of mankind. Now, how do you count your progress? We're in need of a way to keep score. So it's a scorekeeping system; that's all that accounting and monetary systems are.

If it is not truly representative of the true value of what you're doing in terms of human values then I think a lot of questions have to be asked about that. Questions are being asked in a lot of different places. I mean, how do values come in to this?

We can't just leave the world to be run by the accountants and economists. There is more to a game than just scorekeeping.

It's really abstract, but this is where it's at, at the moment. There is a lot of philosophical and theoretical thought about how you get from one paradigm to another.

Q. So what do you think is going to happen with the debt crisis right now, is it going to be solved?

A. We are going to try to continue to muddle through; this is what the authorities are trying to do.

My own view is that the politicians and the monetary authorities will not be able to contain the crisis and there will be an economic collapse. Countries cannot pay. It's almost academic now. They (the debtor nations) simply come out with a statement, that they refuse to pay, because they're not paying anyway.

If that money does get recirculated back into the economy then it's been lost out of the economy, essentially. It therefore, either has to be replaced or somehow written off.

But the debt is so huge that it would cause panic, loss of confidence and also major disruptions in economic activity. So the economy would probably grind to a halt, like we had in past depressions.

EXCESS

NOT SURE WHAT TO DO WITH THAT DEGREE? HERE'S AN IDEA... (FOLLOW THE HANDY NUMBERS)

① buy a large bag of all-purpose 'taters

② pick a hefty one!

③ cut a 1" hole through it -watch your fingers!

④ set it down in a safe place

⑤ find your degree

⑥ Tie a string around it... until it's 1" in diameter

⑦ put the degree through the potatoe

⑧ Buy yourself a dog, and now you've got hours of enjoyment!

MALPHERSON 84