CHAPTER 2

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Competition or Cooperation? A Required Shift in the Metaphysics of Economics

Economists often suffer from a kind of metaphysical blindness, assuming that economics is a science of absolute and invariable truths, without any presuppositions. Some go as far as to claim that economic laws are as free from metaphysics or values as the laws of physics. Ormerod argues that conventional economics offers a misleading view of how the world actually operates (Ormerod 1994). The absence of metaphysical questions in mainstream economics has dodged fundamental conflicts among economy, nature and culture. These conflicts have led to a whole range of negative symptoms such as climate change and financial crises. Instead of questioning the metaphysical assumptions, mainstream economics is mostly concerned about short-term solutions aimed at reducing the most pressing symptoms. By using increasing doses of the prescribed old medicine, negative symptoms are muted so that the pathological causes remain indistinct.

What mainstream economics needs is a profound metaphysical critique. In this chapter we analyze and discuss some of the metaphysical presuppositions in modern economics, and we suggest deep changes in the frame of reference for economic theory and practice. On the one hand, we argue that competition between autonomous

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actors makes sense only if the mechanical worldview is in accordance with the real world conditions. However, if the organic worldview is more relevant, cooperation between integrated actors is appropriate. On the other hand, we state reasons for claiming that, within the mechanic worldview, cooperation between actors can lead to collusion while competition between actors in an organic worldview results in disintegration. In other words, it is impossible to argue for or against competition or cooperation without making the metaphysical presuppositions explicit.

In order to look into this question we describe the differences between mechanic and organic worldviews and argue, in accordance with Norton (1991), that real-world conditions more closely resemble organisms than machines. It is therefore plausible to rebuild economic theory and practice based upon an organic frame of reference.

The chapter is divided into two sections. Firstly, we illuminate the most relevant differences between mechanic and organic worldviews. Secondly, we explore some of the implications of these two worldviews arguing that the mechanical worldview fits well into individualistic competitive market economics, while the organic worldview leads to cooperation as the main coordinating principle of the economy.

Metaphysical Presuppositions

The mechanical worldview presupposes that physical matter in its movements makes up reality, and that everything can be explained in terms of physical laws. In other words, mechanism claims that physical matter is reality – complete and total. This theory concords with Democritus' assertion, 2,500 years ago, that everything in the universe can be explained in terms of imposed physical laws:

> It became natural, to conceive of the world as made up of discrete components, which fit together like the parts of a machine. The behaviour of atoms was conceived as tiny bouncing balls whose behaviour could be predicted, as could the behaviour of more complex objects assembled from them (Derfer in Xie, Wang, and Derfer 2005, p.87).

Democritus believed that everything in the universe was composed of atoms, which were physically indivisible and indestructible. Between the atoms there was empty space and the atoms always kept moving. All observable changes were reduced to changes in the configurations of these particles. The atomists tried to explain the world without introducing the notion of purpose or final cause.

In the seventeenth century, Newton (1642–1727) included a precise description of the force acting between these material bodies. The force was very simple, depending only on the masses and the mutual distances of the bodies. According to Russel, 'the atomists asked the mechanistic question, and gave a mechanistic answer' (Russel 1979, p.84). One of the most important consequences of the mechanical worldview was that the whole universe was interpreted as completely causal and deterministic. According to Newton the giant cosmic machine was seen as being completely determinate and governed by immutable laws. 'All that happened had a definite cause and gave rise to a definite effect, and (...) the future of any part of the system could – in principle – be predicted with absolute certainty if its state at any time was known in detail' (Capra 1997, p.120).

Before Newton, Descartes (1596–1650) had argued that the physical world is a material plenum where all change can be described as local motion of various parts. 'Since the motion conforms to simple, mathematically stable laws, it can be predicted with complete certainty' (Jones 1969, p.177). Whitehead asserts that in the mechanical worldview everything is pre-decided and determined by the configurations of masses. This doctrine of nature as a self-sufficient, meaningless complex of physical facts is central in the mechanical paradigm. A consequence of this perspective is that 'dead' nature can provide no reasons, and it aims at nothing.

Although most people experience continuity, endurance and value, the mechanic worldview presupposes that the world is a static, lifeless machine. Therefore, the static view of reality that considers the world as composed of unchanging substances with changing attributes is counter-intuitive, according to Whitehead (1967a).

Bergson draws a similar demarcation line between the 'dynamic' and the 'static' perspectives. 'True change can only be explained by true duration; it involves an interpenetration of past and present, not a mathematical succession of static states. This is what is called a "dynamic" instead of a "static" view of the world' (Russel 1979, p.763). It is interesting to note that Bergson claims that mechanism and teleology suffer from the same defect, since both suppose that there is no essential novelty in the world. 'Mechanism regards the future as implicit in the past, and teleology, since it believes that the end to be achieved can be known in advance, denies that any essential novelty is contained in the result' (Russel 1979, p.757).

Converted to social science the mechanical perspective leads to the idea that individuals are isolated bits of matter, related to one another purely externally. Through natural laws, society represents no real unity in itself. Society is nothing more than a mere mechanism based on the interplay between egocentric individuals seeking their own ends.

Today, the mechanical worldview still forms the basis of many scientific disciplines. Schumacher argues that convergent problems 'in the fields of physics, chemistry, astronomy, and also in abstract spheres like geometry and mathematics, or games like chess' (Schumacher 1977, p.125) can be solved within the framework of physical laws. He argues that convergent problems have nothing to do with self-consciousness or life functions. Economists like Samuelson and Frisch argue that physics was an ideal in neoclassical economics and they considered physics to be their ideal science (Ingebrigtsen and Jakobsen 2009). According to Georgescu-Roegen (1971) and Daly and Cobb Jr., (1994) this assertion still holds validity for modern mainstream economics.

Mainstream economic theory builds on mechanical presuppositions in which all questions converge into certain solutions. Agents in the market are supposed to act independently of one another, in order to optimize their own interests. Economic theory presupposes that agents in the market act autonomously in most transactions. The assumption that economic rationality largely excludes alternative ways of regarding behavior has deep roots in the Western theoretical understanding of human nature. Another presupposition is that the dominating value in economics is 'profit.' Today there is expanding pressure for higher priced, short-term sales and profit maximization. This is justified by economists such as Friedman (1970), arguing that few trends could so thoroughly undermine the very foundations of free society as the acceptance by corporate officials of a form of social responsibility that goes beyond making as much money for their stockholders as possible.

Individualism in the social sciences is often presented as a theory of sociological explanation. It advocates, in accordance with the deterministic worldview, that social processes and events should be explained by being deduced from principles governing the behavior of the participating individuals and descriptions of their situations.

According to Whitehead (1967a), the ontology and methodology of modern science (including economics) teaches that the world is 'bleak, purposeless and barren,' and that human beings live their lives isolated from other people and the surrounding environment. In this perspective society resembles an aggregate of autonomous individuals. In much the same way, mainstream economics is based on the assumption that agents in competitive markets seek their own goals as societal atoms.

This means that explanations belonging to the mechanic worldview claim that every biological or social event is a pattern of non-biological occurrences. This formulation cannot be interpreted to mean that all organisms resemble man-made machines. To avoid some of these problems we use the term mechanism more broadly than machine.

Whitehead argues (1967b) that ontological individualism represents a gap between modern science and human experience. Instead, he introduces a scheme of interpretation in which integrated society exhibits truth, beauty, adventure, art and peace. It is important to stress that Whitehead does not eliminate subjectivity from his 'collective' perspective. We regard it reasonable to interpret this phenomenon in accordance with Aristotle's formulation of 'man-in-community.' In other words the individual and the community make each other and require each other at the same time.

As mentioned earlier, the mechanic worldview presupposes a dualistic separation of 'nature' and 'life.' The idea of including human nature as an element in nature results in the notion that value and freedom can no longer be excluded from descriptions of nature. Following this line of reasoning, a different starting point is relevant in order to provide the framework for an organic worldview. 'In principle it does not matter which field of study one uses as a starting point since each discipline is a window through which one may view the general structures and categories constituting reality as such' (Fowler 1976, p.57).

Just like mechanism, organic philosophy has its roots in Greek antiquity. According to Aristotle, matter contains the essential nature of all things. He argues that matter and form are two sides of the same process, from potentiality to actuality. The term 'life' refers to states like 'self-enjoyment,' 'freedom,' 'creativity,' 'purpose,' and 'subjectivity,' derived from the past and aimed at the future. Thus the characteristics of life are absolute self-enjoyment, creative activity and purpose (Georgescu-Roegen 1971).

Whitehead's (1985) 'philosophy of organism' constitutes a worldview based on a dynamic and processual philosophical perspective. Reality is understood in terms of integrated networks whose properties cannot be reduced to the aggregate of atoms. In a perspective where relations are more real than atoms, the world is seen as a network of integrated wholes rather than a collection of independent parts.

Whitehead follows Aristotle's arguments and claims that there is a creation of cosmic continuity in the world. Since each atom makes up an integrated part of every system, atomism does not exclude complexity and universal relativity. Hence, the philosophy of organism represents an integrated whole without eliminating the antique idea of 'atoms' as the smallest parts. In the context of 'philosophy of organism' the atoms cannot be studied or understood without referring to the integrated context in which they are parts. In other words: no entity can be considered in abstraction from the universe, and no entity can be divested of its own individuality. The traditional logic overstressed the notion of individual character. The notion of 'any' frees us from individual character, but no entity is merely *any* (Whitehead 1991, p.678).

The final building blocks in the philosophy of organism are termed 'actual entities.' There are several different types of societies of entities, integrated in space and time. Both the single entity and the societies of entities always find themselves in a self-created process of 'becoming,' making it reasonable here to talk about life-processes. If we examine the 'events' of natural or human history in detail, it soon becomes clear that a long and complicated process is involved. Each case is characterized by interconnected processes which 'dissolve into a manifold of processes which themselves dissolve into further processes' (Rescher 1996, p.29). Whitehead argues that the world is composed of integrated living processes of becoming. In other words 'becoming' is more real than 'being.'

Whitehead argues that reality is made up of entities that are brief pulses of creative activity. Reality 'is in each moment something dynamically and creatively alive, something constantly developing in reaction to what has been and to what might be' (Hosinski 1993, p.23). In other words, the world is dynamically alive, and consists of integrated living entities with intrinsic value.

By their very nature processes are interrelated and interactive. We are in the world and the world is in us. 'If we stress the role of the environment, this process is causation'; if we, on the other hand,

'stress the role of my immediate pattern for active enjoyment, this process is self-creation' (Whitehead 1977, p.42).

Nothing in nature could be what it is, except as an integrated ingredient in nature's dynamic evolving web of life. According to 'philosophy of organism' an isolated event is not an event because every part is a factor in a larger whole and has significance for the process of the whole. 'The isolation of an entity in thought, when we think of it as a bare "it," has no counterpart in any corresponding isolation in nature. Such isolation is merely part of the procedure of intellectual knowledge' (Whitehead 2000, p.142).

The motivation for introducing values and purposes into nature recognizes that materialism cannot give an adequate account of the interplay between the different actors in the market and the social and natural environmental context. Based on this line of reasoning, we argue for the need to rethink the status of life in nature and for an acceptance of integrated organisms possessing inherent value. Nothing in nature could be what it is, except as an integrated ingredient in nature as a dynamic whole. Hence, it seems reasonable to assert that Whitehead's ontology can be compared with Spinoza's 'psychophysical parallelism,' or Leibniz's 'theory of monads' (Woolhouse 1993). Within the organic concept of nature, 'life' and 'mind' are interwoven with matter and motion. The essence of life exists for its own sake, as an intrinsic reaping of value. The point is that we can neither understand physical nature nor life itself, unless we fuse them together as essential factors in the composition of the whole universe.

The static worldview explained change as a mathematical succession of different states. In the organic perspective, however, dynamics is explained as duration through interpretation of past and present. In the philosophy of organism, dynamics is described and testified with reference to a mode of perception where present meets experience from the past and visions of the future.

Referring to Capra's (1982) interpretation of the organic worldview as living systems with a high degree of 'nonlinear' interconnectedness, we conclude that the individual and the community both make each other and require each other at the same time. Thurow points in the same interpretative direction of the organic paradigm:

> Societies are not merely statistical aggregations of individuals engaged in voluntary exchange but something much more subtle and complicated. A group or community cannot be understood if the unit of analysis is the individual taken by himself. A society is clearly something greater than the sum of its parts (Daly and Cobb Jr. 1994, p.7).

This indicates that a conversion to the organic worldview has far-reaching consequences for both economic theory and behavior. A more complex and dynamic framework considers economic behavior as both multifaceted and context dependent. For example, it is obvious that contextual factors including collective beliefs in ethical norms and prosocial orientation of the economic behavior contribute to avoiding some of 'the fallacies of misplaced concreteness' in mainstream economics.

Organic thinking is based on the concept of culture as a collective phenomenon, not as the sum of individuals. Within this complex and dynamic framework individual behavior is both multifaceted and context dependent. Hence, accepting the organic worldview has far-reaching consequences for the interpretation of the individual as an economic agent.

In accordance with the organic perspective, Schumacher argues that problems within economics must be handled as divergent because the precondition of lifeless nature is transcended. 'Without the characteristic human element of self-consciousness, one easily slips back into the one-dimensionality of order without freedom, thus reducing all problems to converging problems' (Opdebeeck 2008, p.190). According to Opdebeeck (2008) divergent problems are resolved in the optimal manner by reaching economic practice on the macro-level from the point of departure of economic practice at micro-level.

Competition or Cooperation

It is impossible to argue for or against competitive economics without making the metaphysical presuppositions explicit. As a conceptual context for the discussion we will give a brief presentation of Maslow's interpretation of Ruth Benedict's description of 'low and high synergy societies.' In low synergy societies institutions 'encourage the development of jealousy, envy, resentment, distance, and finally a real likelihood of enmity' (Maslow 1971, p.196). According to Benedict the reason for this is that 'the structure provides for acts which are mutually opposed and counteractive (...) and the advantage of one individual becomes victory over another, and the majority who are not victorious must shift as they can' (Maslow 1971, p.194). High synergy societies are characterized by 'generosity, mutual-reciprocity relationships, co-operative techniques (...) and so on' (Maslow 1971, p.196). The reason for this nonaggressive behavior is 'not because people are unselfish and put social obligations above personal desires, but (because) social arrangements make these two identical' (Maslow 1971, p.194).

In our opinion competitive markets have much in common with institutions leading to low synergy solutions because they are based on the idea of conflicting interests among the actors. Economists use the paradigm of perfect competition as the exemplary model of the market. The language used is mechanic – dealing with small autonomous actors who cannot influence the market. Concepts such as 'price mechanisms' and 'market forces' amplify the close connection to mechanism. The agents do not relate to each other; they are only connected explicitly through price mechanisms. Since the image given is very abstract and depersonalized, it is easy to lose contact with real humans in the real world.

According to Adam Smith, the logic of the competitive market implies that private vices will be turned to public virtues by means of the market's 'invisible hand':

> Every individual necessarily labours to render the annual revenue of society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. (...) [H]e intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention (...). By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it (Smith 1976, pp.477–478).

The message is clear. What counts is the output of the process – to make most out of what is – i.e., efficiency, not 'wasting productive resources.' This means that the primary function of the competitive system is the efficient allocation of goods or the maximization of consumption. This all sounds very rational and well-thought-out. It also means that the role of the means used to reach the output is not of particular interest. It represents a brutal way of thinking, and does in fact contain many flaws.

Knight (1997) makes a fundamental critique of the individualistic Western competitive economic system. He argues that a worldview where competition plays such an important role has obvious associations with mechanistic ideas. Knight goes further and argues that efficiency is not the most important aspect of an economic system; what matters are the kinds of people the system fosters. He criticizes mainstream economic theory for taking a reductionist (atomistic) approach and is able to foresee some of the societal effects of such an abstracted economic theory. A competitive system glorifying free trade and a strong affinity for simplistic solutions to complex problems is not suitable for solutions based on long-run responsibility.

Today Smith's invisible hand has global influence. According to OECD, all member countries rely fundamentally on the free market to organize economic activities. The reasoning here goes that competition stimulates innovation and efficiency in the use of resources, thereby leading to greater product diversification and lower prices. 'Therefore, competitive product-markets are in the interest of all consumers' (OECD 2010). The rationalism of competition is linked

to economic efficiency, without any rationality claims linked to the ends of economic activity. The EU is based upon similar ideas, maintaining that business is a competitive game where independent companies 'selling similar products or services compete with each other on, for example, price, quality, and service to attract costumers' (EU 2010). The reduction of human beings to abstracted consumers exemplifies the argument that our Western concept of rationality is linked to economic ends (Allinson 2004).

Competition between companies in national and international markets is one thing; competition within corporations might have even more severe social consequences. Internal competition was a part of life at Enron, the seventh-largest corporation in the US before it collapsed in 2002. To stimulate the competitive spirit amongst the employees they used PRC (Performance Review Committee) processes twice a year to assess bonuses and promotions (Fox 2003). According to Fox one ex-employee explained that the people you were competing against for bonuses were sitting next to you. It could get hairy, especially at the end of the year as bonuses were on everyone's minds. Enron practiced competition based upon a bell curve approach, determining who would stay and who would be fired. The employees ranked in the bottom 10–20 percent were fired. This clearly created tensions. The leader, Skilling, also encouraged competition between groups because he felt it would bring out the best in people and lead to the best solutions. In practice, 'this competition often solidified a compartmentalization of the company into contending fiefdoms' (Fox 2003, p.83). This provides an illustrative example of low synergy society institutions 'which set us against each other, making us into rivals necessarily, which put us into a situation where we must scrap for a limited amount of goods' (Maslow 1971, p.199).

According to Callahan (2004) the Enron scandal initiated a debate on 'the cheating culture' in business. The thesis was that a society characterized by inequality and a winner-take-all philosophy produces the cheating that has been noted in many different spheres of life: academia, medicine, journalism, as well as business. The

cultural climate favors power and money over and above personal integrity. Multiple examples are given of incentive-driven structures such as stock options and production-based pay that do not promote productivity and 'fair play' but reward deception. Cheating has created a dynamic between a class of winners, so influential that they in reality are beyond most rules, and an anxious class, members of which often cheat when they are confronted with serious problems like downsizing.

Large-scale cheating is most prevalent among the 'The Winner class,' in spite of high salaries, due to constant comparison with those who have amassed more. The cheating culture is explained as a combination of the individualistic 'Me' generation and the free trade principles espoused by the neoliberals. Callahan argues that, after the deregulations in 1980, the new Market Era created new pressures in a very competitive economy, '[W]here success and job security can't be taken for granted, it's increasingly tempting to leave your ethics at home every morning' (Callahan 2004, p.20). The temptations grow to cheat – given the morality of the free market. 'If competition is good – if even greed is good – then maybe questionable cut-throat behavior is also good' (Callahan 2004, p.22).

In high synergy societies the actors cooperate in order to find solutions where all relevant information and values are considered. Social institutions are arranged in such a fashion that 'the people within the organization are coordinated with each other and (...) made into colleagues and teammates rather than into rivals' (Maslow 1971, p.199). In an economic context, the participants are typically defined as stakeholders. Freeman defines the organization's stakeholders as 'any group or individual who can affect or is affected by the achievement of the organization's objectives' (Freeman 1984, p.46). In practice, different stakeholders have their own values and aims, and the organization has to interact with the stakeholders for mutual benefit. Values are not reduced to preferences (weak evaluations), since the stakeholders' fundamental values (strong evaluations) are also taken into consideration (Taylor 1985). In cooperative decisions the ideal is to establish a platform of consensus;

i.e., to find solutions all stakeholders can agree upon. This way of thinking is different from voting, in which the plain majority wins all power. In cooperation all the stakeholders share a common starting attitude saying, 'You may be right and I may be wrong' (Popper 1983, Habermas 1990).

It is reasonable to argue that the principle of competition is insufficient to establish solutions based upon a long-term social and environmental perspective. Welford emphasizes that 'productive cooperation (...) always (will) be superior to blind competition and recognizing cooperative opportunities are part of recognizing interconnectedness' (Welford 2000, p.141). Hence, Welford's argument is based on the presupposition that the market cannot be defined as an aggregate of autonomous actors. Instead, the market must be considered an integrated whole. Korhonen offers support to this line of reasoning, stressing that '[c]ompetition is (...) a barrier to the efforts of increasing stakeholder cooperation and cooperation between the firms and its suppliers or the local community actors' (Korhonen 2002, p.70).

This indicates a shift of focus from merely means to ends. Through cooperative processes the members might agree on the priority of different ends as well as on the use of available means. Cooperation based on dynamic dialogue allows more integrated solutions than the mechanisms of an atomistic and competitive economy allow. Equality and mutuality among the involved actors are necessary conditions for constructive cooperation. When competition is replaced by cooperation as the main principle for interaction in the market, the development of solutions based upon the common good will gradually takes place. Cooperation presupposes that the partners disclose relevant and valid information without strategic action (Habermas 1982, pp.263–271).

Max Havelaar – Fairtrade is one example of how to implement organic high synergy principles in an economic setting. In the following paragraph we will use international coffee trade as an illustrative example in which we find cooperative market behavior. Our

main focus in the following are the processes of producing, storing, distributing, burning, drinking and recirculating the coffee, coordinated through principles based on Max Havelaar – Fairtrade. (See Moore (2004), and in particular Nicholls and Opal (2005), for an overview of the fair trade movement.)

The customer-value hierarchy applied for Fairtrade coffee is given the following content. At the first level, as a customer we want a core benefit, and drinking Fairtrade coffee we see caffeine as an example of a core benefit. For many coffee drinkers, this is the main function of coffee, a drink that stimulates the nervous system. At the next level, the basic 'product' might be coffee produced by farmers living in a specified community, who have received a fair price for their work and enjoyed decent working conditions, in order to create first-class coffee beans. So the basic 'product' is much more than a product or beverage with a certain color.

The third level, the expected 'product,' might consist of the process of tasting the coffee. The large coffeehouses such as Kraft, Nestle, Procter & Gamble, and Sara Lee all use huge and creative advertising in order to promote their own brands as the preferred coffee. The brand Max Havelaar Fairtrade tries to mobilize customers on the basis of solidarity with poor and vulnerable workers, their families and communities. The fourth product level is the augmented 'product,' which could emphasize the ecological production, focusing upon how farmers care for their soil and harvest using natural fertilizers in order to produce crops that are healthy for all living organisms in the soil and for human beings who will end up drinking the coffee. The mode of transportation and the distance from the place the beans are harvested to the final consumer should be specified. How is this transportation organized? Which kinds of externalities are involved?

The fifth level is the potential 'product.' In the Fairtrade case we might formulate this as high synergy society. We might think of this level as an image of organic cooperation between producers and consumers, seeing one another as connected and interwoven in

a large web of life. (A further analysis of Fairtrade can be found in Chapter 10 of the book.)

Discussion

We assume that a mechanical worldview is connected to competition among actors in the market as exhibited in Table 2.1. (Ims and Jakobsen 2006). Mainstream economics presupposes that this constellation will lead to the most efficient use of natural and human resources. Both Adam Smith and Milton Friedman, representatives from two different epochs in Western history, presupposed a mechanical worldview, claiming that competition among the actors in the market will lead to resource efficiency.

Table 2.1.
Competition and cooperation in the context of different worldviews

	Mechanic Worldview	*Organic Worldview*
Competition	1) Free trade	2) Disintegration
Cooperation	3) Collusion	4) Fair trade

The most dangerous threat to efficiency is that many companies are tempted by the opportunity (i) to earn high short-term profits, (ii) to avoid performance competition with one another, and (iii) to attempt to set their own rules for the game, thereby exploiting their power bases in order to pressure the other actors, be they firms or customers, to accept the companies' premises (De Witt and Meyer 1998).

Looking at cell 3, we see a constellation between the mechanical worldview and cooperation, which may be exemplified with different types of collusion. Collusion is illegal activity because it may lead to the fixing of prices or carving up of markets between companies that on the surface compete. This kind of secret 'cooperation' has one predominant objective: to expand the competitive power of the involved actors to the detriment of the other actors in the market in a zero-sum game. In other words, the result of mechanical, competitive market institutions can easily be low synergy solutions, both in cell 1 and cell 3.

In this perspective globalization of economic activity requires common juridical action to ensure that competition is within legalized frames. Global players must not be able to do as they want just because they escape any single government's control. The EU wants the World Trade Organisation (WTO) to take the lead in obtaining agreement on certain basic principles.

In cells 2 and 4, we assume an organic worldview. In those constellations the partners are perceived as integrated, through dialogical processes, and they share common long-term values and interests. The organic paradigm presupposes cooperation (cell 4) based on partnership between the stakeholders and acceptance of fair trade principles. The organic worldview involves the communication processes between the partners being essentially inherent parts of the market ontology (network economy). This means that cooperation is the fundamental principle for coordination of activities, while competition has a subordinate function. Building market institutions based upon cooperation will lead to a high synergy society. According to Maslow the wealth in high synergy societies tends to 'spread around, it gets siphoned off from the high places down to the low places. It tends one way or another, to go from rich to poor, rather than from poor to rich' (Maslow 1971, p.195). In other words, the high synergy society has much in common with the principles of Max Havelaar's Fairtrade.

Based on this line of reasoning we argue that the organic worldview gives a better and more accurate description of the metaphysical conditions of economy. Hence, market behavior based on competition will often lead to disintegration and egocentric behavior. The use of one-sided power is destructive. From these arguments

we draw the conclusion that cooperation is a better guiding principle for the economy, if we want the result to be fair trade in a high synergy society.

Conclusion

In this chapter we have emphasized that economic theory and practice cannot be isolated from its metaphysical preconditions. In accordance with Maslow's low synergy society, Knight was right when he argued that the competitive order was partly 'responsible for making emulation and rivalry the outstanding quality of the character of the Western people – who have adopted and developed it' (Knight 1997, p.39). Within the context of organic high synergy societies it is important to look for the value of participation in economic activities as a sphere of self-expression and creative achievement. In this perspective jealousy, envy, cheating and disintegration are symptoms of a mismatch between worldview and principles for organizing the economy.

We are convinced it is high time to challenge the mainstream way of thinking in economics. As a number of distinguished philosophers and economists have claimed, the economic system and its institutions are not value neutral. Thus we should be much more aware of what kind of people the economic systems foster; i.e., the systems' effects on the character of the people in it. Callahan (2004) hits the nail on the head when he argues that the Chicago School economists in the 1970s, and policymakers in the USA, have overvalued competition, consumption and deregulation. Economic man is a fiction, and treating the individual as a datum is a fallacy, because individuals learn and evolve. The economic system should not be reduced to a purely mechanical system regulated through market forces and price mechanisms. Instead we should focus upon

the importance of building institutions based upon cooperation using an organic worldview.

We strongly believe that the social and ecological dimensions should have a higher value than material consumption in the Western world – a world that creates a massive overuse of resources with very grave consequences for the future of our planet. The Living Planet report for 2008 provides evidence that Western economies have a huge ecological overshoot, and the nation which to the largest extent has been associated with the strongest competitive economic institutions, the USA, uses about 600 percent of its fair ecological share. So there is an urgent need to scrutinize the fundamental assumptions that are often taken for granted in our present-day economic system.

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