

# Love or Money What Makes World Go Round?



**Ovide Bastien**

**LOVE**  
**or**  
**MONEY**

**What Makes World Go  
Round?**

**Ovide Bastien**

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## Foreword

A child often asks questions whose depth is amazing. “Where was I before I was born? Where will I go when I die? Why do people have to suffer?”

Students also sometimes ask questions that are so profound that teachers have trouble finding answers.

That is what happened to me on January 31, 1984 as I was teaching my Introduction to Economics course at the Maisonneuve College in Montreal, Canada. Suddenly a student raised her hand and asked, with great sincerity: “Sir, what makes the world go round, love or money?” Taken aback by the simplicity and depth of her question, I remained silent for a few seconds, made a few comments and, remembering the lessons I had learned from the American psychotherapist Carl Rogers, asked them what they thought the answer was in their own personal life. There ensued a very intense and exciting class discussion that lasted two consecutive lectures.

I then went home and wrote a text *Love or Money: What makes the world go round?* in which I first presented the highlights of our class discussion and then provided my own answer to the question.

Little did I know then that my wife, with whom I had been living for fourteen years and who had given birth to our four beautiful children, had fallen in love with another man. A love that I would only discover a few months later and that would lead to our separation, the most painful experience of my entire life.

## Love or Money: What Makes World Go Round?

The violent coup d'État that I had experienced in Chile in September 1973 had been a life altering experience. But the violence, however painful, of that experience—assassinations, generalized torture, concentration camps, total censure of the media—had given me additional energy: I helped Chileans find refuge in an embassy, wrote a book denouncing the complicity of the Catholic Church in the coup and collaborated with reporters in telling the whole world what was going on in Chile.

However, the pain caused by my separation from a person in whom I had placed all my trust and love plunged me into a crisis that suddenly removed the very foundations of my inner self and sapped all my energy.

During the Christmas break of December 1985, I traveled alone for two weeks to Puerto Vallarta, Mexico. I was still trying to recuperate from my separation and wanted to both rest and prepare the lectures I would be giving in my new job at Dawson College. Each day I would take a long swim in the ocean just before breakfast, spend four to five hours writing texts for my courses, and then for the rest of the day relax and socialize with people I had met in Puerto Vallarta.

It is in that context that I rewrote and expanded “What makes the world go round, love or money?”

What follows is that same text to which I have added an epilogue in which I illustrate how, in many respects, Pope Francis is asking the same fundamental question that my student suddenly asked in class in January 1984 and providing an answer which is at once bold and unsettling.

Current events in September 2015 are very different from those that triggered an intense discussion in my class back

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in January 1984. Then what was making the headlines was the shooting down by the Soviet Union of a South Korean Boeing passenger plane with 269 people aboard, including an American congressman; and, only a few weeks later, the invasion of Grenada by the United States. Today what is making the headlines is Isis, which controls large parts of Iraq and Syria, Islamic fundamentalism and the most serious migrant crisis facing Europe in the last seventy years. People are fleeing Afghanistan, Iraq, Syria and Libya. Turkey has welcomed 1.7 million Syrians, Lebanon 1.1 million—they now represent 25% of the population—and Jordan 630,000. Italy and Greece see thousands of refugees arriving every week; at least 2,500 of them drowned in the Mediterranean since the beginning of 2015.

However different current events then and now may be, the question “What makes the world go round, love or money?” remains extremely pertinent today. Will the European Union have the love or solidarity necessary to welcome the one million refugees now knocking on its doors? Or will it perceive the refugees as the OTHERS, as people coming in to benefit from social welfare and steal jobs? Will the United States and its western allies one day have enough humility to acknowledge that their military interventions in Iraq, Afghanistan, and Libya possibly represent the single most determining cause of the radical destabilization of a region now plunged into war and from which millions of desperate civilians are trying to flee?



## **Chapter 1 - Highlights of our Class Discussion**

On 31 January 1984 I was describing, I believe, the main characteristics of the conservative or neoliberal school of thought in economics, and providing concrete examples drawn from then current events, when a student made the following comment:

—I do not think that Ronald Reagan has anything to do with the slight economic upswing that we are now experiencing. However, I'm afraid that most Americans will believe him when he says he does. He will therefore be re-elected president of the United States even though he might make all of us explode in a nuclear holocaust!

— The problem with the arms race, argued one student, is that neither the Soviet Union nor the United States is willing to make the first step. Ordinary people in the Soviet Union and in America do not want an arm's race but their governments want one. The latter are the ones blocking the whole process.

— I'm from Haiti, added someone else. I believe that the wealthy nations abuse and exploit the poorer countries. Notice that the superpowers do not themselves go to war. Instead, they sell arms to small countries in which war does occur and people kill one another.

— That's exactly the problem. If the superpowers stopped producing arms, that would be bad for their economy. So much profit and so many jobs in the wealthy countries depend on the production of arms.

— I heard that some big American company was selling arms to both sides during World War II.

\*\*\*\*\*

Before going on summarizing the discussion that ensued, I would like to point out something about that discussion that I found very special. The atmosphere in class was very relaxed. And everyone seemed to be listening very attentively to what each person had to say. No sterile confrontations. An atmosphere of freedom and mutual respect. And the discussion was not limited to two or three individuals: virtually everyone pitched in and all felt free to say what they thought.

In other words, we experienced a happening of real thinking, both personal and collective. When real thinking occurs, thoughts do not always unfold in an orderly fashion. The thinking process is oftentimes a zigzag affair, one thought leading to another.

I have often noticed that the best conversations I have had in my life just seem to happen out of the clear blue sky. Just why they happen when they do is hard to say. And sometimes all you have to do to make sure a good conversation does not take place is to try to organize one!

But let us get back to the discussion as it occurred in class.

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— It's very hard, perhaps impossible to get to know the truth in today's world. On 1 September 1983, a South Korean Boeing passenger plane with 269 people aboard mysteriously got off its regular course and flew over the Soviet Union. It was shot down by the Soviet military and there were no survivors. According to the Soviet Union, it

## Highlights of our Class Discussion

was a spy plane and according to the United States it was a mere error on the part of the pilot. Who is saying the truth, the Soviet Union or the United States? I don't really trust either version.

— I believe that the passenger plane really was a spy plane and that the CIA was behind the whole affair. By shooting down the plane, however, the Soviet Union made a mistake that it could not publicly acknowledge.

— Did you notice all the fuss the mass media have been making over this South Korean Boeing affair? It made the headlines for a very long time. However, when the United States invaded Grenada on October 25, 1983, that news did not stay in the headlines more than two weeks. Why? Are we not considerably manipulated by the mass media?

All of a sudden, a student who seemed deeply involved in the discussion, asked:

— Sir, what do you think makes the world go round, love or money?

Taken aback by the question, I answered:

— If we go by what has just been said in class so far, I would immediately say: money. However, the matter seems to be more complicated than that. When I think of all the ordinary people there are in the world, love seems to be a very important driving force in their life. Just how important and determining with respect to other driving forces? That is hard to say. Maybe it would be a good idea to start out by trying to figure out what the answer is in our own lives. On what is your own life based, love or money?

Following my remark, several students intervened in what turned out to be a very exciting and captivating exchange. However, instead of examining their own personal lives, the students kept the discussion at a more general level:

— I think money makes the world go round because without money no one could survive very long in today's world.

— I don't agree with you! It's true that in today's world we all need money to survive. But that does not mean that our whole life is based on money. Nor does it mean that we live for money.

—I'm from Haiti. In my country, there are a lot of people who live without money. Therefore, it's false to say that life without money is impossible.

— And do these people in Haiti love one another?

— Yes, they do. And a lot more than people around here. Here in Canada, people have lost many of those values of love and family life that they still have in Haiti.

A bit insulted by the Haitian's remark, a francophone student from Quebec put in his money's worth (where does this last expression come from?):

— I do not agree with you at all. I believe that there is the same quantity of love here in Canada as there is in Haiti. Except that here, as in all wealthy countries, the object of our love is not only persons but also things, in fact a whole multitude of different things. Here we love people but we also like our house, our car, our clothes, our sound system, etc. We have the same quantity of love here in Canada as you do in Haiti, but that love is merely spread out over a greater number of objects.

## Highlights of our Class Discussion

— I'm from Morocco. I fully agree with my friend from Haiti and disagree with what my fellow classmate from Québec just said. In the Muslim world, family is very important. And so is honor. For example—at this point he became very emotional—I cannot look at my father's eyes when he speaks to me. After all he's the one who gave me life and I owe him respect. Here in Canada, people can't understand that kind of feeling.

— Come on, retorted another student, let's get serious. In your Muslim world, a girl can be killed simply for making love outside of marriage! And someone can get his hand cut off simply for stealing. Do you really think that such values are noble?

— I do not think you can really understand us, the Moroccan student quietly and still very emotionally replied.

I have left out many remarks, but these are the highlights of our class discussion.

Now I would like to give you, for what it is worth, my tentative reply to that difficult question: What makes the world go round, love or money?



## Chapter 2 - What is Love?

To answer the question under discussion, one must have a fairly good idea of what love is, what it really means. And also of what money is, where it comes from, and what it is used for. Furthermore, one must have a certain experience of today's world, and of how it operates.

Why not just forget about defining love and money? Why not immediately proceed with the investigation?

For a very simple reason. Suppose you ask me to try to find an apple somewhere. How can I find it unless I already have a good idea of what an apple is? What if I bring you a pear, or a banana, because I happen to think that a pear or a banana is an apple?

Dialogue and discussion always require that the parties involved share the meaning of certain words. How many times have I not had a long discussion with someone with whom I disagreed, only to find out two hours later that the whole disagreement was based on a misunderstanding: "Oh, that's what you meant! I agree with that..."

What then is love? Is it the kind of thing that we can agree on in two or three minutes, and once and for all? Or is it the kind of thing that we wonder about from childhood to death without ever finding a totally satisfying and clear definition, somewhat like life itself?

Quite obviously, the latter is true.

A depressed person, for example, does not, and cannot see much beauty and goodness in the world. A person living a high sees beauty and goodness all over the place. “Beauty, the saying goes, is in the eyes of the beholder” ...

The way we see love changes with our concrete daily experience of love. What we think of love depends, to a great extent, on our day-to-day living.

While it is true that a person who has received very little affection as a child, or who has been exploited, oppressed and always used as a thing can perhaps one day discover love, the process of discovery, in this case, will of necessity be long and painful and require loads of patience.

### **Nature of love**

I like a beautiful sunset, I like John, I like my parents, my brothers and sisters, I like music, I like hockey... “Liking” does not have the same meaning and importance in all these situations. Sometimes “liking” merely means that something turns me on in a light and superficial sense. Sometimes “liking” has an altogether different and more profound meaning: if, for some reason, I suddenly lose the presence of a very special friend, my life can become meaningless, one big emptiness, a bleeding wound...

The verb “aimer” in French is used to designate both of these two meanings, the profound and the superficial. In English, however, this distinction comes out in the very words themselves. “To like” has a lighter connotation whereas “to love” means something deeper and more profound. When I say that I like a sunset, what am I really expressing? I am saying that this sunset turns me on, attracts me like some great magnet, and seduces me by its great beauty. I like to be in the presence of this sunset, I would

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like to eternalize it and so I take a picture. Photographing it represents some form of death-refusal. When I find what I experience very pleasant and meaningful, I invent ways of prolonging this experience as long as I can. When I take a picture of a sunset or of a friend, what is no more continues being for me even when it is no more. Life transcends, in a sense, death...

Memory is an internal camera of sorts. Thanks to our memory, that which no longer exists continues being. Except that it is not always as controllable as our external cameras. Sometimes we would like our memory to stop memorizing because what we experience is ugly, negative, and painful. But it doesn't. Those Chileans who experienced torture after the coup d'Etat of September 11, 1973 cannot wipe out this "picture" in their lives. In some cases, the negative experience was so powerful and its memory so vivid and dominating that death transcended life: even when they continued living they were dead...

When I like a beautiful sunset, I feel pulled towards that sunset, I experience an attraction. It is as if I was an empty cup and the sunset was making it full, "fulfilling". And when I deeply love someone, I also experience a longing, an attraction. I enjoy this person; I find being with him or her very fulfilling. In this sense the two experiences are similar.

However, when I like a sunset there is no responsibility involved whereas when I love a person there is. I can let the sunset soak in and enjoy it without any other mindedness.<sup>1</sup> Not so when I really love a person. In this latter experience, the loved person is not there just to satisfy one of my needs

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<sup>1</sup> Note added in 2015: Now that I have become ever more concerned about climate change, I would tend to qualify that statement. As human beings, we do have a responsibility in caring for the environment.

or several of them. I, the lover, feel responsible; I feel compelled to assist the other person in his or her needs.

People generally recognize that there is an important qualitative difference between loving people and loving things. And if someone does not really love another human being and only prioritizes making as much money as possible, getting an ever-bigger house, a beautiful car, etc., this experience seems to be inhuman, contrary to what defines us as human beings.

Some computer-lover was being interviewed on T.V. a few weeks ago. He said, in so many words:

— Personally, I would rather spend an evening with my computer than to spend it with anybody I know!

Humanity moving ahead? A super-developed world? Let's hope this guy spends many nights of emotional involvement with his computer and ends up being the father of many other computers designed to entertain not people but computers...

If there is a difference between the love of a thing and interpersonal love, what then is the latter love? What is interpersonal love?

There are many different kinds of interpersonal love. There is the love between a man and a woman. There is the love of parents for their children and of children for their parents. The love of brothers and sisters, of relatives and of friends. There is the love of two people of the same sex. There is the love people feel for those who come from the same neighborhood, city, organization or country. And there is a kind of universal love, one we experience towards those we

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bump into in our daily lives, one we experience when we make a donation to help the victims of a flood, a hurricane.

Now in all these different kinds of interpersonal love, one finds some form of attachment, of relationship. In the case of close friends, this attachment and relationship are deep and relatively long lasting. But many of the friendships we experience during our life are not so deep and change with our jobs, our neighborhood and what not.

Where does this need to relate come from? According to the American psychoanalyst Erich Fromm<sup>2</sup>, love is the basic solution to the loneliness that each one of us feels in life. Overcoming loneliness would therefore represent the single biggest problem in life.

Others interpret the reality of love in a slightly different way. Love is what satisfies our desire to be, to live. Loving is trying to quench that constant thirst for presence that we feel; it is the process of always being born again.

People who love one another recognize, admire and respect their mutual value. In the person loved they perceive an absolute uniqueness, a value that no one else in the entire world has. An irreplaceable value. It is because someone's presence is so unique that the sudden absence of this presence can be such a cruel and painful experience.

If you have a hammer and you break it or lose it, you can immediately go to the nearest store and buy one exactly like it, or one that does exactly the same job. Your happiness here, when it is destroyed, can be easily restored.

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<sup>2</sup> See, for example, his "The Art of Loving", published in 1956 by Harper and Row.

When you lose your most precious friend, that is an altogether different matter. In a sense, a friend is really irreplaceable. If you lose a friend that's it: you will experience real loss and emptiness. You may eventually discover another friend, but things won't ever be the same, your new friend being other.

When my ex-wife and I lost our first child, Charlie, eight hours after birth, some of our friends tried to console us by telling us that we were still young, that we could easily have other children. Even though we knew very well that they were trying to be kind, we felt these words to be inappropriate, "out of place". All we wanted was to mourn the sudden absence of this little child who meant the world to us, who had become so special and unique in our intimacy. In certain occasions, silence may be more powerful and appropriate than words when one attempts to express understanding and compassion.

### **On falling in love and staying in love**

According to Francesco Alberoni, an Italian sociologist, when people fall in love they are always in a somewhat depressive state.<sup>3</sup> Before falling in love people are depressed.

To me this sounds a bit too dramatic and clear-cut. If Alberoni means that in order to fall in love you must first be experiencing some form of great emptiness, feeling very incomplete, I would agree.

Now falling in love is one thing. However, staying and growing in love is quite another matter.

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<sup>3</sup> See his book, "Innamoramento e amore", 1979. For English version: "Falling in Love", Random House, 1983.

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Some people like falling in love but they do not like what comes after the falling-in-love stage is over. They are therefore constantly seeking new and exciting experiences.

This is undoubtedly an exaggerated case, but one need not look around much to conclude that staying in love seems to be a growing problem in today's world. People often separate after one, four, fifteen, sometimes thirty years of common life.

Why is this so? Why do so many love-situations suddenly become hate and conflict situations? Why all this emotional instability so many adults seem to be experiencing?

A good answer to this question is, I believe, hard to come by. And I feel that whatever answer I try producing will be very tentative, incomplete and, of course, biased by my previous education and my present values. But here goes just the same...

On the farm I often watched plants grow. For a plant to grow well, it needs good and fertile land, sun, proper watering, enough heat but not too much, etc. A plant grows well when it has good growing conditions.

Why would the same reasoning not hold true for the experience of love? If love is to blossom and to last, it requires certain growing conditions. But which ones? That is where answering becomes tough...

According to Erich Fromm—and I tend to agree with him—learning to love is somewhat like learning to live. They are both arts and require time, patience and training. Love is not a kind of magical process that you suddenly experience if you happen to meet THAT very special person in the whole world that was meant for you. True enough, it is something

that suddenly happens to you emotionally, a driving force that sort of carries you away like a volcano. But also, and more importantly, it is a DECISION and a commitment, and a decision taken by people who have maturity and equilibrium.

I have not read Fromm recently, but I have a good knowledge of most of his books and I am sure that he would argue that today's ever more numerous separations and divorces are caused mainly by a weakening of values, by a greater and greater incapacity to love.

According to Fromm this growing incapacity to relate to and to love comes basically from the expansion of market-oriented values, more precisely capitalism. As capitalism grows it transforms the way we relate to one another, it spreads individualism and selfishness, attitudes that eat away at the very heart of what forms community and community life.

An example of this can be clearly seen in "El Norte" (1983, directed by Gregory Nava). In this movie the story is relatively simple. A brother and a sister from Guatemala are forced to run for their lives because of the incredible repression and violence going on in their country. They eventually make it to the United States, a place referred to in Guatemala as "El Norte" and which symbolizes the land of freedom and of plenty.

In the first part of the movie family life in Guatemala is portrayed as simple, deep and religious: a strong sense of sharing, of relating, and of human solidarity. Living in Guatemala is all about community; it is anything but living alone.

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In the last part of the movie, one follows these two young Guatemalans as they gradually discover, through their daily experiences, what life is like in America. Initially amazed by the wealth all around them, they gradually become ever more disenchanted as they see that in the United States making money seems to be more important than human relationships, friends, and sometimes even brothers and sisters. The message is hard, simple, and powerful.

A while ago I said I tended to agree with Erich Fromm's analysis. But now I would like to qualify that statement.

A few years ago, it was commonplace for Marxists—and Fromm is a Marxist—to argue that capitalism is at the heart of contemporary evils, be they individual, social or political. But today many progressive intellectuals do not share that analysis. A more realistic appraisal of the socialist countries, and ongoing quarrels and even wars between the latter countries, have somewhat watered down the socialist ideal. At the same time, many have qualified their all too often black and white appraisal of capitalism.

In this new context and awareness, I think that it would be difficult to unilaterally blame capitalism for the weakening of values, for the degradation of human relationships.

That is my first qualification. Now here is my second one: the awareness of the fact that men generally oppress women is relatively new in the world, at least in the scope and depth it is now taking. And as far as I know, this awareness has been taking place especially in the most advanced capitalist countries of the world.

Feminism is revolutionizing relations between men and women. New roles are awkwardly, sometimes very rapidly being taken and new attitudes also.

Exactly what this has done to the traditional form of marriage is hard to determine. However, that it is having a substantial impact seems fairly obvious to me.

### **Two dimensions of love**

Before turning to the question of money as such, I would like to make a few additional comments on the experience of love.

To love another person is to want that person as a value in herself or himself. In other words, when I love someone, I recognize the loved one as worthy of attention, of gratuitous and unconditional attention. The loved one is the object of my attention not primarily because of what she or he owns, or because of his or her qualities, or yet because of the needs that he or she satisfies in my life, *but because of what she or he is*.

Expressed in other words: *I love someone as an end and not as a means to an end*. It is in this sense that loving allows one to experience the absolute uniqueness of the other person.

But there is another dimension to the experience of love. *Loving someone is caring for that someone*, helping that person achieve fulfillment, self-fulfillment.

Right now, as I am writing this text, I am in Puerto Vallarta, Mexico. Last night a few of us in the hotel went out for supper with a wonderful guy, a Mexican I believe, whose name is Pedro. A former used-car salesman in the United States, Pedro now works as a guide and also as an entertainer in various restaurants and bars in Mexico. He is

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essentially a people-lover and wherever he seems to go people laugh, people sing and dance.

But Pedro drinks and drinks, nearly non-stop. And when you get to like him it makes you feel sad to see such a nice and beautiful person heading towards trouble, doing himself constant harm.

When you love someone you also simultaneously want that person's well-being. When you love yourself, you also want your own well-being. A lack of self-love usually leads to self-destruction, sometimes very slow and gradual, sometimes rapid.

*Loving thus implies trying to distinguish, in your own life and in that of those you love, what is positive and really fulfilling from what is negative and self-destructive. And mind you, this is no easy matter. It is a never-ending process, one that goes on every single day, and one that is filled with trial and error.*



## Chapter 3 - What is Money?

Perhaps we now have a better idea of what love is. So, when we wonder whether it is love or money that makes the world go round, we at least know what we are looking for. Except for one thing: we still only have a vague idea, based on our daily experience, of what money is and means.

To speak of money in Canada or the United States is to talk of dollars and cents. In Europe, they have the euro<sup>4</sup>, in Japan the yen, etc. Each country has its own national currency or money.

But what is money for? In a sense, one could argue that money is one of the most useless things in the world. When you are feeling lonely and depressed, try talking to a \$20 bill; try talking to it about what you are living today, your satisfactions and hardships. Money, in this respect, is totally useless. And when you are hungry, you cannot eat a \$20 bill. In fact should you have only money in your house—even tons of it—and no food, you would simply starve.

*What makes money fun to have is what you can do with it. It is an excellent means to a whole variety of ends. Useless in and of itself, money is a thing that literally makes people dream because of all the things that it can become: a haircut, a vacation in Puerto Vallarta, a car, a house, clothes, and what not.*

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<sup>4</sup> When I first wrote this text Europe had not yet adopted the euro.

When you want to own something that allows you to obtain, through its exchange, just about everything under the sun, money is the thing to own. It is the most liquid of all assets and it derives its power from its exchange value.

### **Money, the most liquid of all assets**

What do I mean by liquidity? What do I mean by exchange value?

Suppose you own only one thing in life and absolutely nothing else: a big house worth, in today's market conditions, \$500,000. You have nothing to eat, and you are hungry. What are you going to have to do? In order to purchase food, you will have to find a way to obtain money, perhaps by contracting a loan or by selling your house. However, both operations, especially the second one—selling your house—are time consuming. You will thus have to wait a while before eating. Had you owned some money, you could just have gone off to the restaurant or to the grocery store and immediately obtained food.

Your house represents an asset just as money does. The difference between the two? The value that is so to speak embedded in your house is not liquid because it is not immediately and without further ado exchangeable for something else you may happen to want. A value, yes, but not one that immediately allows you to buy something else with it.

On the other hand, the value that is embedded in a \$100 bill is immediately exchangeable for anything that happens to be for sale. It is a very liquid asset.

If you are in Canada, the money with the highest degree of liquidity is the Canadian dollar. Here in Mexico, the

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Canadian dollar is not very liquid. That is why I stood two full hours yesterday in a bank waiting to exchange my dollars for Mexican pesos.

Three weeks ago, you could get 400 Mexican pesos for one American dollar. When I arrived three days ago you could get 450 and today you can get 500.

The rate of exchange changed very rapidly. Why? What does that mean? Very interesting questions that we shall be examining later on...

### **Exchange-value, use-value**

Money derives its value from its exchange-value, not its use-value. What does this mean?

*A thing is said to have use-value when it has qualities that someone can find immediately— in other words without some mediation or exchange—useful.* For example, if you like toasts and own a toaster, the latter represents a use-value for you because you can use it to make toasts. A car's use-value consists in allowing its owner to move rapidly from one place to another.

*A thing is said to have exchange-value when it allows you to exchange it for something else you may happen to want.* For example, if your toaster is brand new and you decide that instead of using it as a toaster you prefer to forego that use because you want something else more badly, you may be able to bring it back to the store where you purchased it and get your money back. Whatever money you can get back for it in exchange, from the store or anywhere else, represents the exchange-value of the toaster.

Coins, paper money and bank-money (checking accounts) do not have much use-value. If you do not want your \$100 bill for its value in exchange, that is for what you can get by exchanging it for something else, what the heck are you going to do with it? The paper of the \$100 bill could be used to wipe off the water on your table, or to start a fire, but really?

That is what I mean when I say that money derives its value from its exchange-value.

But why is this so? Where does money come from?

### **Origin of money, commodity-production**

Money has not always existed in the world. It appeared alongside of commodity-production and in proportion to the latter's growth.

What is commodity-production? What production is not commodity-production?

Commodity-production is any production that is made for the market. For example, if you produce chairs in order to sell them on the market, then your production of chairs is commodity-production.

On the other hand, if you produce a few chairs because you want to use them yourself, because you— or your family and your friends—need them to sit on, then your production is not commodity-production.

Note here that in commodity-production the producer is really interested, ultimately, in exchange-value. Whereas in non-commodity-production the producer is primarily and in fact exclusively interested in use-value.

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Example: when you produce chairs because you yourself—you and yours—want to sit on them, you will try to make them according to your own tastes. If you like chairs with high backs, that is what you will make. That you could make money by selling such a chair is not a thought you would even entertain. On the other hand, when you produce chairs exclusively for the purpose of selling them and making money, then profit becomes the primary focus of your production. The chair you make must fit market conditions. It must have those qualities that best suit your potential clients, not your own individual tastes. Only then can you maximize your profits, which, in this case, represent the primary purpose of your production.

Now you may be wondering exactly why I am getting you involved in a whole series of technicalities: liquidity, use-value, exchange-value, commodity-production, and the market...

Be patient, you will see, in a few minutes, how all these things are connected to money. And how understanding them can provide you with deep and exciting insights into how the modern capitalist economies function. Finally, the question of values, human relations, and love will burst forth from the technical analysis itself...

Above I argued that money appeared alongside of commodity-production and developed historically in proportion to the latter. What does that mean? To understand that, one must first see what advantages there are in adopting commodity-production as opposed to non-commodity-production.

### **Advantages of commodity-production**

The outstanding advantage of commodity-production over non-commodity production? Its degree of efficiency. In terms of efficiency, it completely outperforms non-commodity-production.

What do I mean by efficiency? A production process is said to be more efficient if the resources it requires are fewer than those required by other production processes. If you produce a chair in one hour and it takes me two hours to produce the exact same chair, then my production process is less efficient than yours.

Time, of course, is only one of the resources or inputs that are required for production to occur. The quantity of raw materials, the quantity of energy needed to run the machines, the building in which production takes place, etc., all these are resources, inputs in the production process.

Be careful not to confuse efficiency and cost-efficiency. It might be more efficient to produce a chair in Canada than in Mexico in the sense that in Canada it takes less labor time, less energy, etc. However, because labor is so filthy cheap in Mexico it might be more cost-efficient to produce a chair here in Mexico rather than in Canada. In other words, the total cost of producing a chair here in Mexico might be lower because some resources here, especially labor, cost less.

Now why is it that commodity-production is so great in terms of efficiency and normally cost-efficiency as well? Because of the fact that it allows for a higher degree of specialization, the greater use of machinery and mass-production. That is the main point made by the great

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classical economist, Adam Smith, in his renowned “The Wealth of Nations”.

An example to illustrate what I mean. Assume that you are in a society where each family unit—nuclear or extended—produces just about everything it consumes and consumes whatever it produces. Such a society is said to be self-sufficient because it produces its own food, clothing, shelter, etc. and sells nothing of what it produces to other people.

In such a society, the degree of specialization will obviously be very limited, if there is any at all. And big machinery, production lines and mass production in such a society would be not only impossible but also pointless. Since people have various needs—food, shelter, means of transportation, health, culture, etc., each person in such a society would have to perform, each day or at least in relatively short periods of time, a great number of different tasks requiring different tools and skills. In other words, they would have to be jacks-of-all-trades.

However, when you are a jack-of-all-trades, you are usually the master of none. Since you are constantly changing jobs day in and day out, since certain ones need to be done only once in a lifetime—for example, building a house—, your degree of skill in each one and your speed would be very limited. Furthermore, inventing and/or obtaining big machinery, very efficient machinery, would make no sense here.

Why get a machine capable of producing one million toothpicks a day when all you need is 2,000 toothpicks a year? Mass production makes no sense for the same reason. The result?

- 1) It takes you a lot more time, energy and resources to produce whatever you produce.
- 2) Even though you consume very little each day, producing that “very little” requires very long working hours.

Given all this, being able to consume a lot is completely out of the question for a person living in a self-sufficient society.

Specialization, big machinery, and mass-production revolutionize the production process and make it do wonders. When all you do is give haircuts all day, you can get pretty good at it and you can work much faster. And then it makes sense to obtain expensive and very efficient tools. When you produce millions of cars every year, it makes sense to break down the production process into a broad variety of very specific activities, and to hire an army of workers, each limited to a specific and relatively simple task. It also makes sense to get ever better tools to cut down as much as possible on inputs and therefore costs.

We now know that commodity-production makes for greater efficiency but how did the whole thing get started?

### **From self-sufficiency to commodity-production**

It would seem that societies slowly moved from self-sufficiency to commodity production in a very pragmatic and haphazard way. If I have some wheat left over this year—above and beyond my needs—and you have too many horses, we can both benefit from an exchange. I’ll give you my left-over wheat—my surplus—for your extra-not needed horses—your surplus.

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If I start repeating this process of exchanging my surplus for yours every year, I will gradually gain a certain market experience. And I will learn that the exchange must have a certain degree of fairness. For example, I will know that it would not be right for me to get ten horses from another farmer if I only give him, in exchange, one single bushel of wheat.

From exchanging my surplus each year to directly organizing some of my production in view of exchanging it on the market, there is only one step. Which is all the easier to make if I realize that:

- 1) Because I can exchange my products, I can therefore produce a lot more.
- 2) Because I produce a lot more, I can organize my production more and more efficiently.
- 3) And as a result, I can be better off, I can consume ever more.

This step, from exchanging only one's surplus to organizing production directly in view of exchange, was gradually taken during the Middle Ages (1000 AC to 1400 AC) and increasingly so afterwards. Travelling merchants started acting as middlemen between the lords and kings of different areas and were able to make a surplus in the doing.

Those who argue that our increasingly globalized world, characterized by ever more free trade agreements between nations, is a good thing simply set forth the logic I exposed above. Free trade, by increasing the ease and volume of trade, makes for greater efficiency, lower costs and prices, and thus greater consumption. It thus theoretically makes us all better off.

### **Bartering: origin of money**

We now have the various pieces of the money puzzle; all that is necessary now is to put them together.

When people started exchanging their surplus and eventually started producing directly in view of exchange, money, as we know it today was at its incipient stage. Money started coming into existence.

*Exchanging what I produce for something else that you produce is called barter.*

Barter is the first market-form and also the first money-form. It allows a certain specialization and the greater efficiency that goes with it.

But there is one big problem in bartering: the more you produce in view of barter the less practical bartering becomes. Bartering can work well if you produce only a small proportion of your total produce in view of exchange. When a lot of your production is so directed, then it becomes problematic.

Why? For a few simple and obvious reasons. Suppose you have lots of cattle you would like to exchange. Right now you need eggs, so you have to find someone who has eggs that they want to exchange. But those who have eggs may not want cattle so the bargain will not take place. *That is the first obstacle of barter: the needs of the exchangers must coincide in time and up to a certain extent in place; otherwise bartering just won't happen.* In other words: if I want to obtain eggs by giving up some of my cattle, I must find someone who has eggs and also wants cattle. My need for eggs must coincide in time with her or his need for cattle.

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The second problem of barter is how you go about making a concrete deal with the ideal cattle-needing-egg-producer. Suppose you are fortunate enough to meet someone who both has eggs and wants your cattle. Here again the exchange or barter may not take place for a simple reason: you are not ready to give him a whole bull just for a few dozen fresh eggs. That, quite obviously, would be totally unfair.

What then is the solution? Cutting off the bull's tail and giving it to the egg producer? Poor bull!! And then what tells you the egg-producer likes bull's tails?

*The second problem of barter, in other words, is that what the exchangers want to exchange may not be easily divisible: the deal therefore cannot happen. If you could divide the bull into tiny parts—eggs do not have that disadvantage—the deal would materialize.*

A third problem of barter: suppose that you produce eggs for the market and lots of them. As eggs are easily divisible that renders exchange much easier. So there is no problem here; you can give up 2, 5, 20 or 36 eggs in exchange for something else. Furthermore, in your geographical area everybody loves and needs eggs, so again no problem. And you happen to need those things that the egg-needing producers have. But where the problem comes in even here is that as a farmer you need a plow only every twenty years whereas the people who make the plow need eggs every three or four days. And you cannot solve this problem by simply supplying them with twenty years of eggs because eggs do not keep for a very long time. After only a few days—or, if well refrigerated, a few weeks—they go bad and lose all their value.

Because of the above three problems, as bartering became more and more common and extended to ever new areas of production and new geographical areas, people started using certain commodities or products for a use linked-to but different from their common use: they started using them as a form of money.

Gold and silver, unlike eggs, do not rot or go bad over time. Furthermore, they can easily be divided into small portions or in coins, and their transportation costs are minimal or non-existent: this distinguishes them from bulls, which are costly to transport and not divisible at all.

But what about the problem of mutual needs? If exchange is to occur, must not the mutual needs of the exchangers coincide in time? What if you need shoes and have gold that you want to give up in exchange, but the shoe producer has absolutely no use whatsoever for the gold that you have? What then?

The solution to this problem is extremely simple and bewildering. Yet it takes us straight into the very heart of what money is all about.

If practically everyone agrees to use gold not primarily for a certain use-value—making gold teeth, bracelets and what not—but primarily as a universal exchange-value, then this last problem is solved.

What is a universal exchange-value and how does it solve our problem? *A universal exchange-value is something that is useless but that everyone always wants because with it you can obtain all the imaginable use-values under the sun.*

In other words, *a universal exchange-value is money.*

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I slightly exaggerated when I said that gold and silver, when they play the role of money, are absolutely useless. Gold coins and silver coins can be transformed into the usual things that gold and silver are usually used for: gold teeth, jewelry, silver forks and knives, etc. However, when used as money, gold and silver are used as pure exchange-value; their other use-value function is overshadowed and sort of disappears.

### **Basic functions of money**

Money, the result of an increasingly market-oriented economy, is generally recognized as having three basic functions or roles.

**First Function:** The most obvious role of money, the one we have commented on considerably so far, is that *it represents a medium of exchange*. It is a kind of mediator or tool that allows all the various exchanges to happen.

When I work at McDonald's, I am in fact selling my labor and sweat to that firm. What I am getting in return for my labor is money. With this money I can buy, among other things, a meal in the cafeteria. Money is thus a mediator of sorts between my labor and a meal I can get as a result of that labor. As the cafeteria meal represents someone else's labor, one can say that money really facilitated, or made possible, the exchange of my labor against someone else's labor.

Money is the tool or oil that makes the world economy go round, especially the world's capitalist economies. Its birth comes from the expansion of markets, and it renders possible and accompanies their ever-greater extension.

**Second Function:** *Money is also the yardstick or ruler with which buyers and sellers measure and compare the value of what they have for purposes of transaction. It is a unit of account.*

This function is closely linked to the first one and is absolutely essential for the smooth functioning of a market economy. Thanks to this ruler with which we measure the relative value of all commodities, transactions can occur in an orderly manner. Planning, both short term and long term, can be carried out.

However, as noted above, money in today's world always has a national basis: each country has its own currency and that currency is valid, very liquid, strictly speaking, only within the limits of that country. Outside these limits, it loses its liquidity and therefore its usefulness as money. To restore this liquidity, one has to go to a money exchange booth, and buy the currency of the country one wants to do business with.

What happens when the exchange rate between the main currencies in the world becomes substantially volatile? That is, changes a lot and rapidly from week to week?

What happens basically is that money then stops being an excellent measure of value and therefore economic planning and business transactions become sort of a nightmare. Why? Consider the following. We have a ruler with which we compare the length of all the tables, those in your country and those in mine. The ruler is in centimeters, a pure convention, but a very useful one because it allows one to measure and compare. The tables being produced are always of various sizes, but the ruler faithfully registers and makes known these changes in size. Until one day, a smart guy sneaks into the office at night and replaces the rulers in

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one country with centimeters that are smaller. His reasoning? That will mean that the tables in his country are going to be longer in centimeters and therefore will fetch a higher price.

You can well imagine the confusion that would follow. The other country could retaliate by also transforming the length of its centimeters and then measuring would really become a messy affair.

Substantial changes in the price level of a country have a similar effect of creating confusion and making economic planning and business transactions problematic. Why? Because changing the price level is really changing the ruler.

And if you change the ruler, the value of the Canadian dollar for example, then it is difficult to say whether changes occur because the ruler has changed or whether they are really occurring in the real world.

This brings me to speak of the third function of money: store of value.

**Third Function:** Money also acts as *a store of value*. When you make money, by whatever means, you do not always want to spend it immediately. You know that it represents value, more precisely, purchasing power, and you may want to preserve that value over an extended period of time before using it.

As mentioned previously, when you make money, this money always has a certain nationality. Like the children of today's world. In other words, when you have a job you are either making Mexican pesos, Canadian dollars, US dollars, Euros, etc.

If, for whatever reason, the particular currency in which you are making your money starts rapidly losing a lot of value, you have good reason to be concerned. For example, if there is super rapid inflation in your country, then your money is losing its purchasing power with every passing day. With your weekly salary of \$500 you are able to purchase less milk, less bread, and less butter because the price of the latter is going up but not your salary. Or if your national currency is rapidly losing its value relative to another currency, then you have good reason to worry again, especially if you buy a lot of things from the country whose currency is going up relative to yours.

What businesspeople typically do in such circumstances is try to get rid of their national currency as fast as possible in an effort to preserve the value of their savings, or, in other words, to prevent the drastic loss of their purchasing power. In some cases, they may get rid of their national currency with the intention of making a mint.

An Austrian who has a room in the same hotel as I do in Puerto Vallarta right now, spent a few days in Mexico City not long ago. There he met a wealthy Mexican businessman. This guy told him his business was very prosperous right now but that as soon as he can he constantly gets rid of all his Mexican pesos and buys American dollars with them.

Remember that the Mexican peso lost an incredible amount of value relative to the U.S. dollar in a very short period of time. In a matter of months, it went from \$1 U.S. = 300 pesos to \$1 U.S. = 500 pesos. You undoubtedly understand why this businessman acted as he did. Keeping pesos mean he was losing purchasing power every day, whereas having

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dollars meant that he was gaining purchasing power every day.

But imagine the result if many Mexican and foreign businesspersons operating in Mexico were to react in the same manner! If all businesspersons in Mexico were trying to sell their pesos for U.S. dollars, they would only be adding wood to the fire of devaluation! Which would eventually destroy the very confidence Mexicans may have in their peso, preventing it from playing its proper role as money. Trade and business transactions would become disorderly, risky, and uninviting.

### **Paper money, checking accounts**

In the same manner that money in the form of salt, gold, silver, etc. came into being as a matter of expediency and efficiency—basically by overcoming the three problems posed by bartering—this kind of money was gradually replaced by paper money and checking accounts.

As we just said, gold and silver etc. started playing the role of money because certain of their physical characteristics made them most suitable for that purpose. They far outperformed other commodities in playing the role of money. However, gold and silver still incorporated an important disadvantage. To produce gold and silver requires all kinds of resources, labor, machines, expensive buildings etc. If you can find a way of making the thing more economical, less expensive, then why continue with the old more expensive way? If you can find a way of making money at a lower cost, then why not do it!

If the central authority in a country can produce, for next to nothing, small pieces of paper having different face (or nominal) values—some representing \$1, some \$10, others

\$20 etc. —then this represents a considerable saving. Fewer resources are wasted.

It is in this manner that paper money was born... And it is also in this manner that bank money or checking accounts came about.

You all know what a checking account is. A checking account plays the same role that the paper money and coin-money you have in your pocket play. Except that it is not quite as liquid because many sellers do not accept checks.

A checking account is nothing but an account in a bank or financial institution that indicates that you have so much money there. For example, when Dawson College pays me my salary once every two weeks, they deposit my check directly into my checking account in the National Bank. The money-value that was previously written down in the account in their bank is transferred to my checking account in my bank.

The money supply (narrowly defined as M1) of a contemporary country is made up primarily of checking accounts, paper money and coin-money representing only a small fraction of the total money supply.

Even though paper money and checking accounts have a big advantage over gold or silver-money, they also have an important drawback.

If the commodity one uses as the universal medium of exchange requires resources and effort to be produced, then you have some kind of guarantee that the total money supply will be held in check. If gold plays the role of money, it does so, at least historically, because it

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incorporates value. In other words, to obtain gold you have to either produce it yourself or get it from someone else.

Producing it yourself is costly, requires plenty of work and you will only get it from someone else if you give them some other product which already incorporates value, in other words work and effort.

However, once the commodity one uses as the universal medium of exchange is paper, a commodity that is easy as pie to produce and very inexpensive, what then? Here, the face value (nominal value) and the economic value are not the same, because what it costs to produce a \$100 bill is next to nothing whereas the bill has a nominal value of \$100!

To understand the drawback of paper money, let me use a simple example. Why could we not all get together some night in somebody's basement and just print \$100 bills, and tons of them? You could all quit school right now, I could quit teaching, and we could travel, see the world and live like kings.

This would of course be illegal. Printing money in this manner would amount to stealing: for nothing you get practically everything! Imagine if such a practice were to become generalized, and if a lot of people started printing money in this way... Before long, the whole economy would be one big mess, for everybody would be frantically printing money and nobody would be producing the stuff you normally buy with money: houses, food, clothes etc. In other words, super-inflation!

Controlling the money supply in a country is thus a very important and delicate task. The central authorities have created an institution (in Canada, the Bank of Canada; in the

United States, the Federal Reserve Board) whose job it is, among other things, to do just this. The quantity of coins and paper money put into circulation is constantly controlled. But since coins and paper money represent only a small portion of the total money supply in a modern economy, the real control lies elsewhere. By making credit conditions easier (lowering interest rates), the Bank of Canada allows the chartered banks to create new money merely by extending new loans. By making credit conditions harder (increasing interest rates), it forces the chartered banks to cut loans and the money supply is thus reduced.

Many economists argue that the very high inflation rates registered by most capitalist countries in the 1970's was basically caused by governments' excessively generous monetary policy. They made credit conditions too easy and the degree of indebtedness, both private and public, thus skyrocketed.

When money was directly silver or gold, no such problem could exist because the quantity of money was not a mere political decision but depended on the market conditions prevailing in the production of these two commodities.

## Chapter 4 - Love or Money Makes World Go Round?

### Adam Smith's opinion

By now, after all these technicalities, you have most likely forgotten the original question: is our world based on love or money?

Adam Smith did a lot of thinking about the expansion of capitalism. Writing in the late 18th century he was quite optimistic and enthused about the whole thing. In his book *Wealth of Nations*, he argued that in capitalism, every guy is out for himself and that this is perfectly alright because each individual's effort to get wealthier makes a positive contribution to the whole world. I sell bread to people not because I love them but because I want to make money. And that is okay. In fact, it is super...

In an earlier book *Theory of Moral Sentiments* (economists then were also philosophers), he dealt with the same question and quite at length. When you look at capitalism, he said, it does not look very pretty, very noble. In fact, it even looks immoral, and contrary to those very values that define us as human beings. In order to get rich, some people grab, they fight, and they are willing to do just about anything: it is dog eat dog. The behavior of people in market economies appears to be completely unethical.

However, Smith gets over his guilt-feelings about capitalism or market economies in the following manner. It may be hard for us simple mortals to understand just how

the whole capitalist thing works out, but it does work out. In fact, it is probably the best way to work things out in the world. Greed, the desire to make ever more money, etc. may look bad, and even immoral and inhuman. However, from this apparent EVIL there flows well-being, and even the well-being all of mankind. Why is this so? Because of Divine Providence. Because of the invisible hand of God, whose wisdom surpasses all human wisdom.

Just as Newton was all excited to discover the law of gravity, Smith was all excited to discover another fundamental law, that of the miraculous functioning of markets, a law that reflected nothing less, in his opinion, than the invisible hand of God.

Somewhere else in the book, Smith reflects on how we should manage love in our lives. Our first and strongest love, he says, should go to ourselves and to our family. Then come our relatives, and our neighbors. Finally, our country.

And what about the rest of the world? It would take a very proud and pretentious person to try to care for the entire world, says Smith. It is perhaps okay for, let us say, monks to contemplate the entire world, and to consider it with an attitude of goodness. However, when it comes to taking an active care of the world, that is strictly GOD'S business, not that of ordinary human beings. In fact, should the government of a country start intervening in a national economy or in the international economy, EVIL, not good, would undoubtedly result from such actions, however well-intentioned they may be.

I may be making Smith sound a bit ridiculous. That is probably because I studied his Theory of Moral Sentiments in Chile in 1974, a few months after a violent coup d'Etat in

which the Chilean military, backed by rich Chilean businesspeople and the American government, overthrew the democratically elected socialist government led by Salvador Allende in view of restoring free enterprise, the free market and its invisible hand. Because this coup d'Etat resulted in thousands of deaths, thousands of people being tortured, six concentration camps, and the emigration of nearly one tenth of the entire population of Chile.

If we summarize Smith's views on capitalism, and that is our system here in North America today, we could say the following: no, the world is not based on love (at least not man's, God's love always being there) but on individual self-interest, on the desire of each individual to get rich and to make ever more money. That and nothing else makes the world go round. But this finally works out better than charity and love would, because the invisible hand of God, which concretely manifests itself through the interplay of market forces, constantly fosters the greatest advancement and welfare of society as a whole, of mankind.

Smith's views may appear simplistic and terribly ideological in the negative sense of this word. However, they are in many respects absolutely brilliant.

Just how does this work? Smith first provided us with part of an answer in his Theory of Moral Sentiments. The master (the expression he used for capitalist) can pursue his own satisfactions and whims, he said, but his stomach is no larger than that of the meanest peasant:

*“The rest he is obliged to distribute among those who prepare, in the nicest manner, that little which he himself makes use of, among those who fit up the palace in which this little is to be consumed, among those who provide and keep in order all the different*

*baubles and trinkets which are employed in the economy of greatness; all of whom thus derive from his luxury and caprice that share of the necessaries of life and justice. (...) They consume little more than the poor; and in spite of their natural selfishness and rapacity, though they mean only their own convenience, though the sole end which they propose from the labors of all the thousands whom they employ be the gratification of their own vain and insatiable desires, they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessaries of life which would have been made had the earth been divided into equal portions among all its inhabitants; and thus, without intending it, without knowing it, they advance the interest of the society, and afford means to the multiplication of the species. When providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last, too, enjoy their share of all that it produces.”<sup>5</sup>*

Wealth, then, although very unequally divided, ends up being shared by all, according to Smith, because of the very selfishness and rapacity of the masters who own it. The latter, although motivated by ‘vain and insatiable desires’, are somehow and quite unknowingly led by an ‘invisible hand’ to create jobs for the poor, to provide them with necessities and even justice.

Some thirty years later, in *The Wealth of Nations* (1789), Smith made his thinking more explicit. Pursuing profits is

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<sup>5</sup> *Theories of Moral Sentiments*, Reprints of Economic Classics, Augustus M. Kelley, Publishers, New York, 1966, First published in 1759, p.264-265 (emphasis mine).

what a market economy is all about, he noted. When a butcher sells you meat, he does not do it because he wants to help you or because he likes you. His primary motive is self-interest, profit. But how can he make profits by selling meat? To do so he must compete with other butchers who are also trying to sell you meat. If he is more efficient than his competitor, his costs in running his store will be lower and thus his gains higher. Efficiency is rewarded and inefficiency punished, continued Smith, not by some great king but by something both very simple and impersonal: sheer market forces.

What makes for efficiency, according to Smith, is the existence of markets. A market exists when people produce things not for their own personal consumption but for that of others. The bigger the market for a product, the more one can produce. The more one can produce, the more the process of production can be divided into separate, clearly specialized tasks. As the work process is broken into neatly defined tasks, workers performing these tasks develop greater dexterity and speed; repeating the same unique task over and over again obviously improves skill. Furthermore, once tasks are broken down into distinct and simple steps, some of these can be carried out with the help of machinery.

By allowing for increased specialization, markets thus favor improved productivity: more goods can be produced using fewer resources, the most obvious of these being labor itself. With less and less labor, more and more goods can be produced.

The profit-hungry capitalist must seek to constantly improve the efficiency of the production process. If he succeeds, he becomes wealthier. But the consumer also gains from this in two ways: first as a worker, then as a consumer. As a worker: the capitalist who succeeds can

expand and thus needs more labor. As a consumer: the capitalist who is more efficient can sell at lower prices than his competitors and people pay less for their products. In fact, all of society gains because the forces of competition will push all competitors to adopt the lower price and, in order to stay in the ball game, to eventually become as efficient as the leader.

This logic leads one to perceive wealth and income inequality not as a problem but rather as a solution. The wealthy are not obstacles to progress and jobs but their very creators. It also leads one to perceive the ever spreading of markets as a positive evolution. A market may spread from a small town to include many towns. It may spread from one region to include many regions. It may even spread from one country to include many countries, nay the entire globe. The bigger the better. It also leads one to perceive the pursuit of individual gain, the effort to satisfy those insatiable desires, in a very positive light. Living thus appears as a rat race, a constant struggle against your neighbor. Survival of the fittest.

This worldview also leads one to conceive the role of government as a passive, somewhat secondary one. The heart and motor of economic activity lies in individuals, especially the wealthy. At the very most the government should provide law and order; markets cannot function if private property is not protected, especially that of those who have so much that the poor majority may be tempted to have recourse to stealing. Other than that, governments should keep their noses out of economic matters, or, to use the French expression now become classic: *laissez-faire*.

Adam Smith has had a powerful influence on thinkers and leaders up until this very day. In a sense, his type of philosophy represents the very heart of the new economic

policy trends of most of the capitalist countries of the eighties.

One need but think of Ronald Reagan in the United States, Margaret Thatcher in Britain, and, up to a certain extent, Brian Mulroney in Canada. Most of the talking goes in the direction of less government intervention, more free enterprise, and more free market-oriented activities. And of what contemporary economists have coined the trickle-down theory of economics.

Last year—in October 1984—I visited Nicaragua, a country undergoing profound social and economic changes since the revolution of 1979. It was just before the first post revolution elections in Nicaragua on November 4th. The Sandinistas, in power since 1979, are substantially socialist oriented, although the free market still plays an important role there. The United States is backing a war waged largely by supporters of the Somoza capitalist dictatorship in power before 1979. It wants to get rid of the Sandinistas—I once saw a T-shirt produced in the United States on which it was written in clear big letters Kill a Sandinista—because it argues they want to turn Nicaragua into a big prison, a dictatorship, a place of no freedom and of course, no economic freedom.

Well during my two-week stay there I got to visit the top leadership of the political parties that are against the Sandinista government. In the office of one of these parties, I was struck by what I saw on the wall. The leader of the party told us for one hour straight he was neither for capitalism neither for socialism. However, in his small office there was a huge painting on the wall: that of Adam Smith.

## **Opinion of Karl Marx and Antoine de Saint-Exupery**

Nearly one hundred years after Smith, another economist, a German named Karl Marx, systematically examined capitalism. Although he recognized many of the positive aspects pointed out by Adam Smith, his conclusion was completely different from that of Smith. Capitalism, he argued, is fundamentally based on power and money. The rich, because of the wealth they have, make use of and exploit the majority of the population who are doomed to stay relatively poor.

Marx, especially the young Marx, carefully analyzed the effects that capitalism was having on human relations, on how people relate to one another in daily life. He also philosophized a lot about money, its meaning and its impact on people.

The essence of capitalism, said Marx, is the desire to make money, always more money. The owner of the means of production—the tools and buildings in which production takes place, land, and raw materials—has a certain amount of money and he wants to make it grow ever more. He makes money grow essentially by exploiting workers. And once he is in this process, either he competes and enters the rat race, or else he is eliminated. Money becomes a sort of God, something that drives you on and on, always faster, always more efficient, but in a rat race that becomes an end to itself. Human beings sort of go mad and lose themselves, their very humanity; in other words, they become alienated.

Production, Marx argued, should be organized around people's needs. Work, human labor should always be a creative act, something that is noble and fulfilling.

When the driving force becomes making money and not primarily responding to human needs for their own sake, then production is really walking upside down. Instead of an economy geared to serving people, we have a situation where people are being used by the economy. Workers are treated as things, not as persons. When they no longer produce profit for the company, even after long years of faithful service, they are thrown out on the street, as any disposable object would be.

When the driving force in society is making money, always more money, this gradually changes the way people relate to one other, and even to themselves.

Erich Fromm, following in the footsteps of Marx but using a psychoanalytical approach, affirms that when society treats you as a mere market value, when you are reduced to that dimension, you start seeing your own self in the same way.

An example: you study long years and study hard. You have a good, positive image of yourself. But when you come to look for a job, nobody wants to hire you, there are no jobs. If this goes on for a while, it can affect the confidence you have in yourself, it can destroy your self-image. As something that cannot be sold has no value and you cannot sell your labor—find a job—you start considering yourself as worthless.

Antoine de Saint-Exupéry, in his classic book *Le Petit Prince*, points out that people nowadays judge the value of a thing according to the money it is worth. If you give someone a gift that costs you nothing or very little, it is deemed an unworthy gift. If you pay a lot for it, then the gift means a lot. A person making lots of money is considered

of great value and very important. One that makes very little money is considered unimportant.

For Antoine de Saint-Exupéry, today's world is not based on love. People, he says, have forgotten what it means to know, to relate. They are so busy doing "serious things" that they do not have time for simple, deep and intimate relationships. They think they are smart because they know tons of facts and statistics. However as a matter of fact they know very little, as they have forgotten what knowing really means.

"Connaître, c'est apprivoiser..." Knowing, Saint-Exupéry argues, is learning to discover the absolute uniqueness of a person.

"Connaître, c'est faire des liens..." Knowing is establishing ties, bonding with someone. People desperately try to find in thousands of roses—rose here referring to another person—what they could find in only one rose if they would really experience knowing, that is take the time to bond in depth.

"On ne voit bien qu'avec le cœur. L'essentiel est invisible aux yeux."

One can only see with one's heart. What is essential cannot be seen with one's eyes.

Real knowing, he continues, has been replaced by scientific but superficial knowing. Instead of relating in depth to people, men and women nowadays go faster and faster in doing things, in working with ever greater speed and efficiency. Shallowness has replaced depth; emptiness has replaced plenitude. Life is losing its ritualistic, mysterious aspect...

In summary, it can be argued, then, that for both Karl Marx—19th century—and Antoine de Saint-Exupéry—20th century—the world of today is not based on love.

In Marx's view, people have been using and exploiting their fellow-people throughout history. Slavery, feudalism and present-day capitalism all represent, basically, a system of exploitation, where the wealthy minority uses its power over the poor and relatively powerless majority. But this situation is evolving; justice, love and freedom are gradually bursting forth and breaking the chains of injustice, and of human relations based on exploitation. One day, through a long historical struggle between the elite and the poorer classes, the underdogs will finally win and create a heavenly classless society where all will relate to all in respect and human dignity.

Saint-Exupéry's approach is more philosophical. Unlike Marx, he does not analyze the social, economic and political structures underlying today's world, nor does he wonder where they came from. He merely criticizes the world as it is today and tells us, throughout his writings, how it should be if people want to be happy and fulfilled.

He speaks of the businessman who is so busy making and counting his money that nothing else matters. He speaks of the workaholic who just works and works day in and day out and who finds all his personal security in the mad rush for greater speed and efficiency. He speaks of the alcoholic who tries to drink his problems away. He speaks of the rulers who love to dominate other people, and who cannot relate to someone unless they are dominating them. He speaks of the scientist who is so involved in his science that he reduces the whole world to that narrow vision.

All of the above Saint-Exupéry sees as non-love human relationships. A kind of imprisonment, something that is really not liberating, self-fulfilling and meaningful. The message? “L’important, c’est la rose”. What is important is people, people loving and caring for other people, people learning to open their hearts to the absolute uniqueness of each person, of the poetry and mysteriousness of the world, of what is...

### **My own opinion**

So far, I have said a lot of things on the subject of love and money in today’s world, but I still have not given you my opinion on the question.

When someone in class asked the question: “Is it love or money that makes the world go round?”, I started by not answering myself, but instead asking all the students to attempt to give an answer. A very passionate discussion ensued, which I tried to summarize as faithfully as possible. Then I set out to answer the question myself, as systematically as possible. First, I reflected on the nature of love and the conditions that render it possible and make it last and presented some of the views of Francesco Alberoni and Erich Fromm on the art of loving. Then I explained what money is, where it comes from, what it is used for. Having attempted to define both love and money, I finally presented the views of Adam Smith, Erich Fromm, Karl Marx, and Antoine de Saint-Exupéry regarding the question, “What makes the world go round, love or money?”

Now that the time has come for me to provide my own answer to the question, I must confess, that I feel a lot of insecurity and ignorance. There is not, there could never be anything definitive and once-and-for-all in my answer. My

life is an ongoing process, I am constantly experiencing change, making discoveries, both joys and sorrows, and living through disillusionments every passing day. All I can do is reveal to you, with spontaneity and transparency, the state of my thinking on the question as of now. I sincerely hope that this exercise will be useful to you and will stimulate you in your own quest for meaning.

So where do I start?

A few days ago, a beautiful young couple, Kevin and Diana, arrived at the hotel in which I am now living here in Puerto Vallarta, Mexico. They had just spent a few days in a small village a few hours' drive from here, San Blass. Were they ever excited about their experience!

People there were so warm, so incredibly friendly, they told us. "On New Year's Eve we danced with them for hours and they hugged and kissed us as if we were one of theirs. When we were there it happened to be our wedding anniversary. It is amazing that even though we were meeting these people for the first time, they gave us small gifts and really celebrated our anniversary."

As I listened to Kevin and Diana, who were just bubbling with joy and life, I started thinking about something that has been on my mind for years now. Poorer and underdeveloped countries seem to have preserved profound human values. They seem to have not yet forgotten what the experience of knowing, in Saint-Exupéry's meaning of the word, is. In San Blass, Kevin and Diana met people-people. In other words, people who still find joy in meeting another fellow person, who consider meeting someone as a kind of precious gift worth admiring, worth getting excited over. These people are backward if we examine their efficiency in production and compare it to ours. In this respect, they may

be underdeveloped. Yet they are so wealthy in human relationships, and life still seems to turn them on so much that one could argue that they are the ones who are developed.

This same point was made by E. F. Schumacher in his book *Small is Beautiful: Economics as if People Mattered*, first published in 1973.

It seems obvious to me that the market-oriented economy does generally produce greater overall efficiency. Producing more and more for the market and less and less for self-sufficiency does seem to work. It makes for greater specialization, lower relative prices, and higher consumption levels.

However, I share, basically, Marx's views on capitalism. The money-hungriness that characterizes capitalism, the constant individualism that it fosters, the considerable inequality of wealth and power on which it rests, the mad race for ever greater profits, for a higher and higher consumption level, all this leaves me uneasy inside. It seems to weaken human solidarity; it seems to render human relations shallower, and more utilitarian. Community ties, family ties, and friendship itself seem to be threatened. Not to mention the immense harm being done to our environment.

A few years ago, I walked into my Caisse Populaire and saw the following sign next to the bank teller: "Your best friend is your bank account!" You all know, I suppose, that a Caisse Populaire is a bank owned by its members and based, theoretically, on the ideal of mutual respect and collaboration. And in this community-oriented institution what do I see? A sign telling me that the money I own is my best friend and not my best friend, Jean-Pierre.

## Love or Money Makes the World Go Round?

There was a time when farmers did not have insurance on their house and barn. If a farmer's barn burned down, then all the farmers in the neighborhood pitched in to rebuild, with free labor, the barn. The security of the individual came from his community ties.

Not so anymore; it is more and more each to his own. Individualism... If something happens to you, make sure you have a good insurance or a good bank account because you cannot count on anyone. You're on your own.

In other words, it is more and more money that makes the world go round and less and less friendship and love..."

Last night I went to a discotheque here in Puerto Vallarta with an Austrian friend. He explained to me that the new records produced in the hit parade are increasingly English, even though the singers and producers may be French—the *Depêche-mode* group—or Austrian—the *Opus* group—or whatever. Why? Because that is the only way to really penetrate the world record market, the only way to make a lot of money.

Does this not mean that the various cultures in the world are threatened in their very existence? That making more money is judged more important than keeping one's culture?

Some might disagree and argue that the world is finally becoming one, a big global village.

When one speaks of today's world, one must qualify somewhat the word "world". My experience of today's world is very limited, and the world is a big, complex and always changing reality.

There are wealthy countries and poor countries. There are countries based on capitalism, that is, countries where most of the economic activities are the private affair of individuals, and where the means of production are mostly privately owned. There are countries based on socialism, that is, countries where most of the economic activities are directly organized by the State.

When I was a kid, I thought that we were the good guys, and the Russians were the bad guys. I still remember some of the jokes that were based on that belief.

When a plane would fly over our country yard, I would sometimes tell my brother Gerald: "Let's start running, Ger: the Russians are coming!"

After going through university and obtaining a degree in philosophy and then theology, I was still of that opinion.

In 1973, I quit teaching philosophy and left for Chile, a South American country. I was then very interested in Third World issues and wanted to know more about why so many people in the world were still so very poor. Capitalism, and my own capitalist country, were basically sound, were based on freedom, a kind of brotherly love: that is what I then thought. Of course, I was, as many people are, relatively critical of our system, our way of doing things. Publicity, for example, really turned me off. And I was familiar with several of Erich Fromm's books that contain, as explained above, a scathing criticism of capitalism.

Chile was a bomb for me, caused me to revolutionize my thinking like never before. When I arrived in Chile, a socialist government was in power and had been since 1970 when Salvador Allende, a socialist-oriented doctor, was

elected president. This government declared it wanted to do away with the chronic problems of poverty, ignorance and malnutrition that characterized large segments of the Chilean population. And in order to accomplish that it decided it would do away with a situation in which a few owned nearly everything, and the rest got peanuts; it would implement a radical land reform and not allow big foreign—mainly American—enterprises to come and make a fast buck in Chile, no matter what the consequences on the economy in general.

The election of this socialist government, and the policy it pursued, greatly bothered the U.S. government and the big American-based multinationals involved, especially Anaconda Copper and Kennecott Copper. It also got the Chilean top bourgeoisie deeply worried and insecure.

In 1973, they got their revenge, after long and careful military, political and economic strategizing. (To see a detailed description of this destabilization plan, see [La Spirale](#) the award-winning 139-minute French documentary film produced by Armand Mattelart<sup>6</sup>) The Chilean military intervened and ousted the freely elected socialist government. Thousands of people died. Other thousands were tortured, put into concentration camps.

I could not believe my eyes. The American embassy was happy over the turnout of events. When we tried, with our American friends, Art and Natalie Warner, to get people into the American embassy, to get them away from possible torture and death, the doors were closed. The Canadian embassy was better, but not much better. M. Andrew Ross, who was Canada's ambassador to Chile then, was happy over the events and did his very best to keep the door of his

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<sup>6</sup> <https://www.youtube.com/watch?v=rHFcjGWX9Ag>

embassy closed to refugees. The situation only changed a few months later thanks to the immense mobilization of Canadian NGOs, unions, and churches.

Listening to the short-wave radio to get news—local news was all censored and meaningless—I heard Voice of America, the American international radio station. Their interpretation of events was incredible: they completely legitimized the coup d'Etat, watered down the repression aspect of it. On the other hand, Radio-Moscow said things the way I felt they really were. They accused the wealthy in Chile, and the multinationals and the American government of fomenting and carrying out a military intervention aimed at reversing the socialist project that was largely beneficial to ordinary people. And they publicized the torturing, the killings...

Meanwhile in Chile the newspapers that were still allowed to publish—those that completely backed the military—said everything was finally going better in Chile, that freedom was being restored. They headlined, however, Soljenitzin's condemnations of the Soviet Union. They publicized the fact that in the Soviet Union there is no freedom.

It is in this context that I started really studying Marx. I can still remember walking to this institute run by Jesuit priests—ILADES—and going into their basement to get books by Marx. The Jesuits had very nobly accepted to hide whole sections of a university library that the military would otherwise have burnt.

When someone would knock on my door, I would first carefully hide the book that I was reading and then go answer the door. Reading anything even slightly critical of capitalism was dangerous in the new, free, capitalist and American-backed dictatorship.

For a few years after that I discovered the positive aspects of the socialist revolutions in the world, and I would take out my black paintbrush to describe capitalism in the world. I had become very sympathetic to socialism and I was convinced that socialism, not capitalism, would restore justice, freedom, and brotherly and sisterly love in the world.

Now I have become, in recent years, more critical of socialist countries. And my evaluation of capitalism is not as black and white. I see light in the new awareness that has been developing on the environment, health, feminism and new alternative lifestyles.

I find that the most important thing is to always try to develop, on important issues, real thinking, and to base this thinking, as much as possible on information, solid information. And to associate with those whose analysis and heart and actions go in the direction that seems right and liberating. I see no other solution, and the whole matter is a very long-term thing anyway.

Maybe what I am trying to say, if I return now to the basic question, “What makes the world go round, love or money?”, is this: the most important thing is not to be able to declare, with scientific certitude and clarity, “it is love” or “it is only money and greed”. The most important thing is to do, in our thinking and actions what needs to be done so that it will be, as much as possible, love. After all, if each one of us looks inside of himself or herself, what can we answer to the question: is my life based on money, on greed, or is it based on love? We are living a life that we do not always understand, we do our best to throw out what is negative or appears to be, and to develop what appears to be positive, true and worthy.

Love or Money: What Makes World Go Round?

What can we really ask of the world? We are the world...

Ovide Bastien  
Puerto Vallarta  
January 10th, 1986

## **Epilogue: Opinion of Pope Francis**

### **Sister Marie-Denise Dubois: A life of love and commitment**

Adam Smith argued that one's love should be oriented first to family, then to friends, and finally to one's country. Attempting to love and take care of the entire world, in his opinion, would be pretentious as it is out of the reach of human beings; it is strictly God's business.

He also argued, as we have seen, that one's love should be kept out of matters of an economic nature. In his divine wisdom, God so created the world that out of what appears evil and unethical—simply pursuing one's individual desire to get rich and possess as much as possible—there flows the greater good of all. This, thanks to the invisible hand of God that expresses itself through the miraculous workings of the free market.

Sister Marie-Denise Dubois, whom I met in Chile in the context of the 1973 military coup that ousted a government that believed that the so-called miraculous free market was keeping the masses in poverty and marginalization, did the exact opposite of what Smith recommended. While not neglecting her family, friends and country of origin—Canada, she oriented her love primarily to the people of Latin America, and in particular to the very poor and marginalized. Increasingly aware that one's love for the marginalized and excluded masses makes little sense if it is limited to providing them with food and shelter, she became ever more involved in the struggle to change the economic system in which poverty and exclusion are rooted. What

value does the food that I bring to a family have, she pondered, if I turn a blind eye to the very factors that plunge this family into poverty?

In early March 2013 I learned that Sister Marie-Denise only had a few more days to live. Saddened to hear this, I decided to write a testimony on the life of a woman I had always considered very inspiring and emailed it to Le Devoir, one of the main French newspapers in Québec. Half an hour later I received a call from Antoine Robitaille of Le Devoir announcing that my article would be published the very next day. That same afternoon I visited Marie-Denise and showed her the article that would appear the next day in the press. She asked me to read it to her out loud. Standing by the side of her bed and my voice filled with emotion, I did:

**Marie Denise Dubois, or the Other  
Face of the Church<sup>7</sup>**

*The Catholic Church is experiencing a deep crisis: The Pope has just resigned. The event is being covered by the media of every country in the world and took place in the presence of an immense crowd. At the very same time an outstanding 79-year-old woman from Quebec is dying in a Montreal infirmary far from the world media. She has dedicated her life to Latin America.*

*I met Marie-Denise Dubois, a nun from the Sisters of Notre-Dame, in Chile following the Coup d'état that*

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<sup>7</sup> *Libre opinion - Marie Denise Dubois, ou l'autre visage de l'Église*, in Le Devoir, le 6 mars 2013. This is my translation from the original French version. <http://www.ledevoir.com/societe/ethique-et-religion/372509/marie-denise-dubois-ou-l-autre-visage-de-l-eglise>

*toppled Salvador Allende on September 11, 1973. She would visit us regularly in our small apartment in a popular neighborhood of Santiago in order to provide us with information on the victims of the Pinochet dictatorship: the names of the persons tortured, and of the disappeared, etc. As the military had imposed an absolute censorship of the media, she felt it was of vital importance that the world get to know what she was discovering day by day in her work for Justice and Peace, a committee set up by the Christian churches.*

*Despite her many health problems, she did not hesitate to put her own life in danger in order to help those who were being persecuted and living in terror.*

*I once again met Marie-Denise in 1998, this time in Tegucigalpa, Honduras. In a country facing massive poverty she was working with the poor and marginalized. As we were walking through the small village where she worked, she explained what she was doing in helping women cope with family violence. Then she commented quietly: "I regularly receive threats from men. They don't always appreciate the work that I'm doing!" A few days earlier, a man had entered their house and, requesting money, had pointed a revolver in her face.*

*A few days after our departure, Hurricane Mitch completely inundated Tegucigalpa. Marie-Denise stayed in her mission and put all her energy in helping the victims, namely by fund raising to help build houses.*

*On April 28, 2008 she described, in an email to friends in Montreal, "the horrible situation*

*prevailing in San Marcos and in Santa Rosa where Canadian gold mines are operating. In Honduras, organized crime targets union leaders. Last week two women union leaders and a 24-year-old student in medicine were assassinated". And she added, "This is not the time to sit on one's butt!"*

*In June 2009 she experienced yet another military coup: the president of Honduras, Manuel Zelaya, was toppled. As in Chile and despite a situation of considerable danger and violence, she stayed in the country to help the persecuted and marginalized.*

*Not only was Marie-Denise courageous, deeply involved in the struggle for justice and endowed with a simple and deep faith; she was also particularly impressive because of her intellectual rigor and the breadth and depth of her political and social analysis.*

*As the cardinals are meeting in Rome in a spectacular setting, one can only wonder whether the Jesus of the Gospel is not more alive and present in the life of this outstanding woman than in the architectural and artistic grandeur of Saint Peter's Basilica.*

Once I was finished reading, her face broke into a big smile, she thanked me, gave me a warm hug, and faithful to herself, declared, after providing a long and detailed analysis of the situation in Latin America: "The church needs to change; it must be close to ordinary people, in particular the poor and suffering".

Marie-Denise died one week later on 12 March 2013. The very next day the cardinals reunited in Rome elected as

pope the Argentinean, José Bergoglio. When I read my eulogy at her funeral service, some of the nuns came to me afterwards and said, “Marie-Denise got the Pope that she wanted!”

### **Opinion of Pope Francis**

The first ever Latin American to be elected pope, José Bergoglio chose the name Pope Francis and immediately made clear that he wanted the church to be open, transparent and close to the poor. Instead of living in the papal apartments of the Apostolic Palace used by his predecessors he is residing in the Domus Sanctae Marthae guesthouse. Instead of using an expensive car as popemobile he is using a second-hand inexpensive car. When Eugenio Scalfari, the atheist founder of the Italian daily *La Repubblica*, published a letter in which he asked Pope Francis what he would do about key world issues, the pope phoned Scalfari and went to meet him. To see the account of this meeting, which rapidly went viral, see [La Repubblica](#).<sup>8</sup> When an Argentinean woman wrote to him expressing her pain and disappointment after her failed efforts to try in court the influential politician who had raped her, he called her in person and had a long conversation with her. When a German bishop caused a scandal by spending \$50 million renovating his residence, he immediately intervened and removed him.

A few months after he was chosen as the leader of the Catholic Church, Pope Francis published his apostolic exhortation *Evangelii Gaudium* (The Joy of the Gospel). In the summer of 2015, he published an encyclical entirely devoted to environmentalism, *Laudate Si* (Praise be to You).

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[http://www.repubblica.it/cultura/2013/10/01/news/pope\\_s\\_conversation\\_with\\_s\\_calfari\\_english-67643118/](http://www.repubblica.it/cultura/2013/10/01/news/pope_s_conversation_with_s_calfari_english-67643118/)

When one reads these two remarkable documents one cannot but conclude that according to Pope Francis, money, not love, is presently making the world go round. He makes a scathing critique of a free market economic model that is considered sacred and untouchable, and calls into question the *laissez-faire* economic policies adopted by governments.

We have seen above that money originated in the world with the development of markets and that its importance increased with their ever-greater expansion. If one considers, as does Adam Smith and contemporary neoliberal economists, that free markets automatically lead to greater economic growth; if one believes, as they do, that the individual and purely selfish pursuit of profits automatically leads to greater social justice and inclusiveness, the wealth accumulated by the elite always trickling down to the poor masses, then the very best economic policy that all governments in the world can adopt is *laissez-faire*. Put another way: governments should leave business to business and limit their role to law and order, and security. The common good? It will originate automatically from market forces.

The above economic neoliberal doctrine, which the world-renowned American economist Joseph Stiglitz calls free market fundamentalism, would seem to be much more valid and solid in 2015 than it was in January 1984 when I was teaching my students in Maisonneuve College. Then, the archenemy of capitalist or free market economies, the Soviet Union, still existed. Then China, home to nearly twenty percent of the population of the world, was following the socialist economic model, the state, not private enterprise, occupying the central role in the economy.

But now things have changed radically. In the late 1980s and early 1990s, the Soviet Union fell apart, divided into separate countries, and quickly embraced the free market model. Western and Eastern Germany reunited, the latter adopting the market-oriented model of the former, thus rapidly transforming Germany into the economic powerhouse of the European Union. In that same time period China started giving ever-greater prominence to the private sector, and, as a consequence, has now become the [world's largest economy](#).<sup>9</sup>

Given this evolution, some may be surprised, and even upset, to see Pope Francis condemn a free market system that is considered absolute and detached from fundamental moral values, a system in which governments generally adopt laissez-faire economic policies. Some Republican commentators in the United States claim that Pope Francis is a Marxist.

“With a convert’s indiscriminate zeal, he (Pope Francis) embraces ideas impeccably fashionable, demonstrably false and deeply reactionary. They would devastate the poor on whose behalf he purports to speak — if his policy prescriptions were not as implausible as his social diagnoses are shrill. (...) The capitalist commerce that Francis disdains is the reason the portion of the planet’s population living in “absolute poverty” (\$1.25 a day) declined from 53

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<sup>9</sup> According to the Nobel laureate and former chief economist of the World Bank, Joseph Stiglitz, the extraordinary growth of China in the last decades originates from its wisdom in adopting the free market system but in such a manner that the state systematically avoided neoliberal economic policies, or what he calls free market fundamentalism. He asserts this very clearly in *Globalization and its Discontents*, a book published in 2002. However, *The Economist* (12-18 September 2015) in its special report, *Business in China*, simply argues that this remarkable growth originates from the private sector, and that the Chinese government should move towards laissez-faire policies to continue growing.

percent to 17 percent in three decades after 1981,” writes George F. Will, contributor to FOX News’ programming.<sup>10</sup>

Pope Francis, just as the Nobel laureate and former chief economist of the World Bank, Joseph Stiglitz, certainly acknowledges and admires the fact that China in the last twenty years has lifted out of poverty more than 500 million citizens. However, just as Stiglitz does, he distinguishes between an economy where market forces play an important role and one in which they are deified and placed above moral values. Denouncing the latter free market fundamentalism that has become a world trend, Pope Francis bluntly states that:

- The present free market system is a form of dictatorship characterized by the idolatry of money.
- It is basically unjust and “kills” because it excludes vast segments of the population, treats them as throwaway objects, and locks them into a very degrading and inhuman poverty.
- It fosters excessive consumption, the irrational urge for that which is new and the globalization of indifference.
- It leads to an ever-greater gap between the rich and the poor.
- It is destroying the very basis of life on earth by treating the environment as a mere tool for ever-greater profits; the poor are the hardest hit.
- It is considered sacred and beyond the realm of ethics. Governments, by practicing laissez-faire, are

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<sup>10</sup> Pope Francis’s fact-free flamboyance, The Washington Post, 18 September 2015.

- not assuming their key responsibility in fostering the common good.
- It is perceived as automatically fostering, through competition, the common good. However, this belief is not supported by facts: vast masses of people are living in immense poverty.
- Following the financial crisis of 2008 governments saved the banks by making the public pay but neglected to reform a system that gives absolute power to the financial system.
- Violence comes primarily from an unjust economic system that fosters an ever-greater gap between rich and poor.
- Merely having recourse to ever-greater security measures and armed invasions will not work because the main cause of violence is not addressed.

Lest the reader believe that I am misrepresenting the basic ideas of Pope Francis and making him appear much more radical than he really is, I will simply reproduce below a few quotes first from the encyclical *Praise be to You* and then from the apostolic exhortation *The Joy of the Gospel*, and then let the reader judge for herself or himself.

#### **Quotes from *Praise be to You***

*It needs to be said that, generally speaking, there is little in the way of clear awareness of problems which especially affect the excluded. Yet they are the majority of the planet's population, billions of people. These days, they are mentioned in international political and economic discussions, but one often has the impression that their problems are brought up as an afterthought, a question which gets added almost out of duty or in a tangential way, if not*

*treated merely as collateral damage. Indeed, when all is said and done, they frequently remain at the bottom of the pile. This is due partly to the fact that many professionals, opinion makers, communications media and centres of power, being located in affluent urban areas, are far removed from the poor, with little direct contact with their problems. They live and reason from the comfortable position of a high level of development and a quality of life well beyond the reach of the majority of the world's population. This lack of physical contact and encounter, encouraged at times by the disintegration of our cities, can lead to a numbing of conscience and to tendentious analyses which neglect parts of reality. At times this attitude exists side by side with a "green" rhetoric. Today, however, we have to realize that a true ecological approach always becomes a social approach; it must integrate questions of justice in debates on the environment, so as to hear both the cry of the earth and the cry of the poor. (p. 34-5)*

*Politics must not be subject to the economy, nor should the economy be subject to the dictates of an efficiency-driven paradigm of technocracy. Today, in view of the common good, there is urgent need for politics and economics to enter into a frank dialogue in the service of life, especially human life. Saving banks at any cost, making the public pay the price, foregoing a firm commitment to reviewing and reforming the entire system, only reaffirms the absolute power of a financial system, a power which has no future and will only give rise to new crises after a slow, costly and only apparent recovery. The financial crisis of 2007-08 provided an opportunity to develop a new economy, more attentive to ethical principles, and new ways of regulating speculative*

*financial practices and virtual wealth. But the response to the crisis did not include rethinking the outdated criteria which continue to rule the world. (p. 137-138)*

*Here too, it should always be kept in mind that “environmental protection cannot be assured solely on the basis of financial calculations of costs and benefits. The environment is one of those goods that cannot be adequately safeguarded or promoted by market forces”.<sup>11</sup> Once more, we need to reject a magical conception of the market, which would suggest that problems can be solved simply by an increase in the profits of companies or individuals. Is it realistic to hope that those who are obsessed with maximizing profits will stop to reflect on the environmental damage which they will leave behind for future generations? Where profits alone count, there can be no thinking about the rhythms of nature, its phases of decay and regeneration, or the complexity of ecosystems which may be gravely upset by human intervention. Moreover, biodiversity is considered at most a deposit of economic resources available for exploitation, with no serious thought for the real value of things, their significance for persons and cultures, or the concerns and needs of the poor. (p. 139)*

### **Quotes from The Joy of the Gospel**

*Today in many places we hear a call for greater security. But until exclusion and inequality in society and between peoples are reversed, it will be impossible to eliminate violence. The poor and the poorer peoples are accused of violence, yet without*

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<sup>11</sup> Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, 470. (quoted in Praise be to You)

*equal opportunities the different forms of aggression and conflict will find a fertile terrain for growth and eventually explode. When a society – whether local, national or global – is willing to leave a part of itself on the fringes, no political programs or resources spent on law enforcement or surveillance systems can indefinitely guarantee tranquility. This is not the case simply because inequality provokes a violent reaction from those excluded from the system, but because the socioeconomic system is unjust at its root. (...) Inequality eventually engenders a violence which recourse to arms cannot and never will be able to resolve. It serves only to offer false hopes to those clamoring for heightened security, even though nowadays we know that weapons and violence, rather than providing solutions, create new and more serious conflicts” (p. 49-51)*

*Just as the commandment “Thou shall not kill” sets a clear limit in order to safeguard the value of human life, today we also have to say “thou shalt not” to an economy of exclusion and inequality. Such an economy kills. (...) Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. As a consequence, masses of people find themselves excluded and marginalized: without work, without possibilities, without any means of escape. (p. 45-46)*

*In this context, some people continue to defend trickle-down theories that assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world. This opinion, which has never been confirmed by the facts, expresses a crude and naïve trust in the goodness of those wielding*

*economic power and in the sacralized workings of the prevailing economic system. Meanwhile, the excluded are still waiting. To sustain a lifestyle that excludes others, or to sustain enthusiasm for that selfish ideal, a globalization of indifference has developed. Almost without being aware of it, we end up being incapable of feeling compassion at the outcry of the poor, weeping for other people's pain, and feeling a need to help them, as though all this were someone else's responsibility and not our own. The culture of prosperity deadens us; we are thrilled if the market offers us something new to purchase. In the meantime, all those lives stunted for lack of opportunity seem a mere spectacle; they fail to move us. (p. 46-47)*

*One cause of this situation is found in our relationship with money, since we calmly accept its dominion over ourselves and our societies. The current financial crisis can make us overlook the fact that it originated in a profound human crisis: the denial of the primacy of the human person! We have created new idols. The worship of the ancient golden calf (cf. Ex 32:1-35) has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose. The worldwide crisis affecting finance and the economy lays bare their imbalances and, above all, their lack of real concern for human beings; man is reduced to one of his needs alone: consumption. (p. 47)*

*While the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies that*

*defend the absolute autonomy of the marketplace and financial speculation. Consequently, they reject the right of states, charged with vigilance for the common good, to exercise any form of control. A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules. Debt and the accumulation of interest also make it difficult for countries to realize the potential of their own economies and keep citizens from enjoying their real purchasing power. To all this we can add widespread corruption and self-serving tax evasion, which have taken on worldwide dimensions. The thirst for power and possessions knows no limits. In this system, which tends to devour everything that stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule. (47-48)*

The preceding quote makes it clear that Pope Francis is very critical of financial speculation and the ruthless power wielded by creditors from the wealthy countries. His own country of origin, Argentina, has suffered tremendously from debt and speculation. As a matter of fact today, 11 September 2015, the Spanish daily El País reported—[La ONU aprueba un texto contro los ‘buitres’ promovido por Argentina](#)—that the General Assembly of the United Nations has just passed a motion presented by Argentina and whose purpose is to regulate hedge funds.<sup>12</sup> The

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<sup>12</sup> Hedge funds are privately owned companies that pool the money, generally of the very wealthy, into all kinds of complex financial instruments. They are not very regulated. Their aim is to outperform, often through speculation, the stock market. Hedge funds can reap very high returns, even if, and sometimes because, a country is experiencing a major economic crisis. Some have argued that hedge funds have benefited from, and even contributed to, the recent economic crisis of Greece. Most observers agree that the world economic crisis

motion, approved by 136 countries, states that if a country manages to come to an agreement with the majority of its creditors concerning a debt reduction scheme, then it would not be possible for minority creditors, who would be unwilling to participate in this debt reduction scheme, to sue that country in their home courts.

This is precisely what happened to Argentina. When it managed to successfully negotiate a debt reduction scheme with more than 90% of its creditors, an American hedge fund, which was a small minority creditor, refused to enter this scheme and took Argentina to court in the United States.

Not surprisingly, the countries where huge hedge funds are located—for example the United States, the United Kingdom and Canada—voted against the motion that was presented by Argentina.

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of 2008 originated from complex financial instruments, set up and managed by individuals who, setting aside ethics and honesty, prioritized profits.



## **An example of speculative activity denounced by Pope Francis**

On 22 September 2015 I was proofreading my book when I received an email from SumOfUs.org that provides a blatant example of the speculative activity of hedge funds. As this example illustrates very clearly why Pope Francis denounces the idolatry of money that is based on the belief that ever-greater profits automatically lead to the common good, I made this last-minute change by reproducing part of the email:

*A 32-year-old hedge fund manager just purchased the rights to an essential medication used by cancer and HIV patients. His first move? **Jack the cost from \$13.50 per pill to \$750 overnight.***

*Daraprim is a 62-year-old drug that treats a parasitic affliction that affects millions worldwide and is common in HIV and cancer patients. **With a 5500% increase the drug would cost at least \$336,000 for a year's worth of treatment.** Martin Shkreli, the new owner of Daraprim, is not a doctor. **He is a hedge fund manager intent on making billions.** (...)*

*This is about more than just one hedge fund manager. This is a worrying new trend -- corporate interests are buying up cheap, old patents and then milking patent monopolies to gouge patients. The lack of price regulation in the US and some other countries means this technically isn't illegal. But it's straight up exploitation of the vulnerable.*

*Already the massive public backlash has forced another company, Rodelis Therapeutics, to reverse an overnight price increase in an essential tuberculosis medication from*

*\$500 to \$10,800. And Shkreli is feeling the pressure too, with his pledge to partially reverse the increase.*

*Shkreli says his company, Turing Pharmaceuticals, will use the extra profits to make a better version of Daraprim — but leading experts say that there is no way to improve the current treatment. Other observers point out that there are other ways to raise capital for new drugs that don't punish existing patients. When challenged on his attempt to gouge the sick, Shkreli replied "**I think profits are a great thing.**"*

(You can also read [Drug Goes From \\$13.50 a Tablet to \\$750](#), New York Times, September 20, 2015)

## **Concluding Remarks: Two 9/11s**

Today is the anniversary of two 9/11s.

The people of Chile suffered a tragedy on Tuesday morning 11 September 1973. General Augusto Pinochet, backed by the Chilean elite and the American government, overthrew the democratically elected government of Salvador Allende: more than 3,000 deaths, the torturing of dozens of thousands of Chileans, six concentration camps, total press censorship, deportations, the implementation during a 17-year dictatorship of one of the most radical free market neoliberal revolutions that the world has ever known. President Allende and his Popular Unity Government believed that the free market was excluding millions of Chileans, depriving them of adequate food, a decent home, and access to health care services and education. The elite and American multinationals felt that their interests were threatened and, with the help of the CIA and the Chilean military, intervened. What they could not obtain through the ballot box, they obtained with arms and violence.

The people of the United States experienced another tragedy in 2001, also on a Tuesday morning and also on 11 September. Four passenger planes, hijacked by nineteen al-Qaeda suicide attackers, crashed, two of them into the North and South towers of the World Trade Center in New York, one into the Pentagon and one in a field in Shanksville, Pennsylvania. The total number of casualties: 2,996.<sup>13</sup>

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<sup>13</sup> When this latter tragedy occurred, I happened to be in class with my students at Dawson College, Montreal, watching the Oscar-winning 1982 drama film *Missing* directed by Costa-Gavras, which is based on the true story of the

Both 9/11s represent tragedies that awakened the compassion of people throughout the world.

However, for the wealthy Chileans and the multinationals operating in Chile, the military intervention was seen as the restoration of the invisible hand of God represented in the workings of a radically free market. It was only for much of the middle class, and especially the poor and marginalized, that it was seen as a tragedy, as the beginning of a long dictatorship. The dictatorship of the military but also that of the marketplace.

Although Pope Francis certainly felt, as people throughout the world, a deep compassion following both 9/11s, he never would have recommended having recourse to arms, violence and military invasions to address these two tragedies. *“Nowadays we know that weapons and violence, rather than providing solutions, create new and more serious conflicts”*, he says.

Is it possible that the most important migrant crisis facing Europe since World War II originates precisely from the US-led military interventions in Afghanistan and Iraq, and later in Libya, and the massive destabilization that all this

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American journalist [Charles Horman](#) who disappeared in the bloody aftermath of the US-backed Chilean military coup. Charles Horman's wife has always claimed that the U.S. government played a role in the assassination of her husband, as he knew too much about the involvement of his government in the coup. After refuting this claim for several years, in 1999 Washington released [documents \(see Declassified documents confirm US role in 1973 death of Charles Horman by Bill Vann, http://www.wsws.org/en/articles/1999/10/horm-o26.html\)](#) admitting that US intelligence agents had played a role in her husband's death. And in 2014, a [Chilean court ruled](#) that US captain, Ray Davis, gave information to Chilean officials about Charles Horman (and also Frank Teruggi) that led to their arrest and execution. (see Chilean court links US intelligence to 1973 killings of two Americans, The Guardian, 1 July 2014 <http://www.theguardian.com/world/2014/jul/01/chile-us-intelligence-1973-killings-americans>)

## Concluding Remarks: Two 9/11s

produced? Is it possible that the violence and injustice embedded in the workings of free markets, markets that are considered as a sacred cow, markets that foster an ever-growing gap between rich and poor, markets that are often imposed by force and brutal repression as was the case in Chile in 1973 and in Iraq in 2003<sup>14</sup>; is it possible that this violence and injustice are the reflection, the MIRROR, of what Pope Francis calls the idolatry of money? The expression of a lack of community, of compassion, of solidarity and of what my student in class, back in January 1984, simply called LOVE?

Ovide Bastien  
Entrelacs, Québec  
September 11, 2015

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<sup>14</sup> The US-led invasion of Iraq in 2003 is generally perceived as an act of retaliation following the 9/11 of 2001, even though it is widely acknowledged that Saddam Hussein had nothing to do with this tragedy. In [The Shock Doctrine : The Rise of Disaster Capitalism](#), (2007), Canadian author Naomi Klein shows (see Part 6) that the invasion of Iraq was part of a global strategy to impose free market fundamentalism.



## About the Author

I was born and raised on the farm in the region of Windsor, Ontario, part of a large French Canadian Catholic family. My hardworking parents had little formal education: Dad had only one year of schooling and Mom had not completed grade school. Pursuing an ideal that was very powerful at the time—becoming a priest and missionary—I spent eight years in the seminary of the Oblates of Mary Immaculate, two of these in Rome. After leaving the seminary at the end of 1968, I taught philosophy at the “Cégep de Rouyn-Noranda”, did volunteer work for the solidarity NGO, SUCO, and then left for Chile in the summer of 1973 in order to pursue my studies on developing country issues.

The experience of the coup d'État of September 11, 1973 that ousted Salvador Allende plunged me into a profound, life-altering crisis. I discovered that the United States, a country whose presidents constantly repeat that their nation is the best in the world—God bless America—readily uses economic sabotage, propaganda, assassination and torture to defend its interests. I discovered that the Canadian Ambassador, Andrew Ross, while openly welcoming the military takeover, was accepting only a dozen of the thousands of Chileans who, desperately trying to escape imprisonment, torture and possibly death, were knocking on his door.<sup>15</sup> I discovered that the Catholic Church, which I had always identified with a universal love that prioritized the marginalized, was clearly siding in Chile with the military by accepting, a mere one week after the coup d'état, to pray with the military junta in a ceremony that was being broadcast throughout

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<sup>15</sup> It is important to note that thanks to the Canadian whistleblower, Bob Thomson, who was soon caught and fired, to the work of conscientious reporters and, above all, to an extraordinary movement of Canadian solidarity, more than 7,000 Chilean refugees were eventually welcomed into Canada.

the country thanks to the only television station to have survived the coup, Channel 13 of the Catholic University of Chile!<sup>16</sup>

After returning to Montreal in the summer of 1974, I published “Chili: le coup divin”, a scathing criticism of the complicity of the Chilean Catholic Church in the military coup and participated in a very intense speaking tour. Convinced that one must first understand the world in order to change it, I then pursued my study of developing country issues, focusing on that area which I felt I knew less about: economics.

As I had a growing family and needed to earn a living, I accepted, before writing my master’s thesis, a job teaching economics at the college level, a career that I ended up pursuing until my retirement. Not surprisingly, how and what I taught in economics was deeply affected by my experience in Chile. Students, I felt, must experience reality in order to understand it. To this end, I created, with colleagues at Dawson College, the North South Studies profile that included a one-month field trip to Nicaragua. Founded in 1993, this profile still exists and, after my retirement in 2011, I am still collaborating with it on a volunteer basis by managing small development projects in Nicaragua.

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“Chili: le coup divin” was first published by “Les Éditions du Jour” in September 1974, in Montreal, Canada. It was republished as an eBook on Amazon Kindle in 2014, [Chili: le coup divin](#), and in paperback on Amazon Create Space in 2015.

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<sup>16</sup> It is important to note that Cardinal Henriquez, the head of the Catholic Church in Chile, did eventually distance himself from the Pinochet dictatorship and demonstrated such courage in defending the voiceless and persecuted that he is considered a national hero. On 11 December 1978 he received the United Nations Human Rights Award and on 19 October 1979 the Bruno-Kreisky Human Rights Award. To learn more about the remarkable role played by Cardinal Henriquez in defending the voiceless and persecuted, go on the website of the organization that he founded, the [Vicaria de la Solidaridad](#).

## About the Author

“[CHILE: Underside of Economic Miracle](#)”, first published as a class manual at Dawson College from 1995 to 2011, was republished and updated as an eBook on Amazon Kindle in 2014 and in paperback on Amazon Create Space in 2015.

“[My 9/11 Awakening to America’s Moral Crisis](#)” (Diary and Letters, Chile: 11 September 1973 Military Coup), was published as an eBook on Amazon Kindle and in paperback on Amazon Create Space in 2015.

To see the talk I gave on Chile during the Social Forum that was held in Ottawa, August 22, 2014:

<https://www.youtube.com/watch?v=LJqi5bSLN0c>

To listen to the half-hour radio interview on the Chilean Coup that Christ Dayo from the CHRY News Collective gave me in late September 2014:

<https://www.mixcloud.com/discover/ovide-bastien/>