

ECONOMISCHE POLITIEK

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This 1963 essay is the author's contribution to an inhouse reconsideration of the Anti-Revolutionary Party's "Economic Policy". It may be for the consideration of members of the party, but it is written so that all members of Dutch society can gain from it. The ARP is a formidable presence in Dutch politics and its actual policies needed to be understood, not only by ARP members and voters, but by political opponents and the citizenry at large.

The volume, *Anti-Revolutionair Bestek* aimed to be a valuable commentary on the party's principles and general political program. The various chapters are authored by party members. Goudzwaard's essay is written with the assumption that the commissioning of the volume was to provide a Christian account of how the ARP intended to contribute to the work of the Dutch Parliament, how it would make its Christian political contribution to State and the Nation. The chapter comprehensively depicts the political party's challenge to frame economic policies in need of the party's rediscovery of its founding vision. A further articulation of "anti-revolutionary principles" is needed with respect to business, industry and commerce. The essay begins by giving attention to what the party's former leader, Abraham Kuyper (1837-1920), understood about what still needed to be done by it after initial legislative victories in the early 20th century.

From this article we can glean an understanding of the internal debates within the party about industry, commerce and business. The party's economic policy is broadly and extensively depicted. The ARP has to contribute to parliamentary efforts to continue the task of crafting the Dutch state in the aftermath of World War II; world issues need to be addressed, the European community is on the horizon.

The translation of the volume's title reads *Anti-Revolutionary Blueprint*. A key question for critical assessment of Goudzwaard's "Economisch Politiek" will be to discern whether he intended it to be an outline of a *blueprint* for economic life. I read it as a discussion that in various places is beginning to see the importance of avoiding an ARP Economic Policy that presents itself as a blueprint. We might say he has written to offset a trend in the party that would result in an anti-revolutionary ideology.

BCW 5.8.26

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ECONOMISCHE POLITIEK¹

Bob Goudzwaard

from W.P. Berghuis & H. Algra eds:
Anti-revolutionair bestek.
Toelichting op het beginselen
algemeen staatkundig program van
de Anti-revolutionaire Partij,
Aalten: De Graafschap 1964, 248-315.

Article 17

Economic Policy

With regard to economic life, government and business each have their own distinct tasks.

The aim of government economic policy should be to create the general conditions for maintaining and increasing public welfare.

Industry's management of its own affairs will generally offer the best guarantee for meeting the needs of our economy provided it is accompanied by a due sense of public responsibility. Therefore, since the State does not usually participate in the actual production of goods and the provision of services, and do so only the common good specifically requires it and when private initiative is incapable or manifestly inadequate for doing so.

The legislator allows the business community to regulate its own affairs in public law bodies, but also guarantees that the Government has sufficient resources to prevent behavior by the business community that is contrary to the public interest.

The Government promotes the public paying attention to and development of all resources of the national economy and the creation of the fullest possible employment, ensuring that a balanced development of our country is taken into account.

Government policy must generally be aimed at achieving free international trade and payments. It must contribute its part to international forms aimed at removing obstacles to mutual economic exchange between peoples.

Introduction - What now?

That was the title of the final speech of Dr. Kuyper that he delivered before the meeting of Anti-Revolutionary² deputies.

“What now?” With these two words he clearly indicated the position in which the A-R Party found itself in 1918.³ The school battle was almost at an end. The reform of the electoral system had become a fact. The A-R Party could no longer feature these as two important points of its program. To what now should her action be directed? What was the political course that should then be

¹ **BCW Note:** This essay appeared when there was considerable reflection about the character of the reformational outlook and how a Christian political option should be understood and developed in the post-War context. Dooyeweerd's **Vernieuwing en Bezinning: om het reformatisch grondmotief** appeared in 1959 with a significant section devoted to business organisations and the relation of government to industry. It had brought together in one volume the series of articles that had appeared in *Nieuw Nederland* August 1945 to May 1948: *Stuk betreffende de bedrijfsorganisatie: De regeeringsplannen inzake de publiekrechtelijke bedrijfsorganisatie.* (*The Government's Plans for Public Business Corporations.*)

² **BCW Note:** Hereafter “A-R”

³ **BCW Note:** [Wat nu?](#) Opening lecture of a gathering of deputies held in Utrecht, 2 May 1918, Kok, Kampen.

followed, particularly in relation to stormy developments in the socio-economic field?

In the years that followed, it became apparent that policy makers in A-R circles were unable to answer Dr. Kuyper's question. Oh, yes - undoubtedly a certain concrete policy was given shape at the socio-economic level. But it was not a policy that was fully anchored in the current meaning of the A-R principle. On the contrary: what policy makers dared to refer to specifically as A-R principle in the field of socio-economic policy was in fact no more than what Kuyper had already argued and advocated. The same Kuyper had already maintained in 1918 that, if then current political trends were to be countered, then much more was needed than what had by then emerged, including in his own writings.

It is therefore not surprising that in the years after 1920 a certain gap gradually emerged between the A-R stated principle and the party's socio-economic policy. The significance of the A-R principle for practical political action seemed to be limited largely to those problems in which the principal 'side'⁴ was immediately clear to everyone: problems related to maintaining Sunday as a day of rest, cremation, the freedom of Christian education, the extent of government authority.⁵ The socio-economic policy that arose, drew upon the realm of "business" only in a very marginal way.⁶ The party did not entirely escape the tendency to regard the field of socio-economic policy as an area in which moderation and common sense⁷ are generally sufficient - except, of course, to acknowledge that some fundamental pitfalls and obstacles lie hidden here and there.

More recently it has become widely realized among us that our predecessors chose a path which was less than just. More recently, the insight has surfaced that the Christian principle should not be held back from entering the supposed neutral area of business life.⁸ After all, the Christian witness is, by its nature, for the whole world! It is therefore impossible for there to be any realm for which in every corner the Christian principle does not apply. We are to engage in activity which is intrinsically *Christian* in every area, business included.

⁴ Dutch: *de principiële 'kant'*

⁵ **BCW Note:** By 'side' Goudzwaard refers to the view taken in political and legislative debate.

⁶ **BCW Note:** The Dutch is '*zakelijkheid*' - businesslike, i.e. whatever in a business sense succeeds - pragmatic

⁷ **BCW Note:** The Dutch term is '*het algemeen nuchterheid en gezond verstand*' - the kind of prudence and common-sensical approach that is said to be found in business. The intent of Goudzwaard's exposition here is to emphasize that the ARP policy was not too concerned with developing its own distinctive view of business.

⁸ **BCW Note:** The Dutch term is: '*een vermeend-neutraal terrein van beginselloze zakelijkheid*' - a presupposed neutral terrein where a pragmatic lack of principle prevails.

Article 17: Two methods of explanation⁹

This history has something to tell us about how we should consider the Article before us. It helps us to resist any temptation to take the easy route in our explanation of this article. That is to say, we do not advance our understanding simply by regarding Article 17 as a collection of pointers about economic policy within which lies hidden some quite fundamental pitfalls and obstacles. Such an explanation would inevitably lead us back to consider the objections and difficulties associated with the way the policy was developed in the period of time now behind us. If we proceed in this way, then we will create the impression that, as long as we guard against certain concrete dangers in economic policy, we can continue to consider as normal a “business-as-usual”¹⁰ perspective for this area of our party’s life.¹¹

The only correct - but difficult – approach to analyzing Article 17 is to view the Article’s statements as *the starting points* for an economic policy that is to be *entirely* shaped by Christian faith, i.e. a policy that leads back, in all of its components, back to the A-R principle, including what are of a so-called “business” nature.

This then is the path that will be taken in the explanation that follows.

That means that we will attempt to read the statements of Article 17 against the background of the Introduction to our A-R party platform. The confession stated there - the confession of God’s sovereignty over this world in His Son Jesus Christ – expresses the A-R principle in the most fundamental way. If the economic policy that we seek is to be rooted, in all of its parts, in the A-R principle, then this confession can be nothing other than its focal point. The confession of the Kingship of Jesus Christ is the heartbeat of every intrinsically A-R policy. It is therefore also the heartbeat of every A-R economic policy.¹²

⁹ **BCW Note:** This document should be read with care to appreciate Goudzwaard’s attempt to set forth his reforming perspective for economic policy. He first outlines how he considers Article 17 to have been read and how that reading falters, and says how he thinks it should be read by members of a *Christian* political party.

¹⁰ **BCW Note:** The Dutch term is ‘*zakerlijkheid*’. The view set forward here is subtle and a searching critique of a party tendency. He suggests that with respect to *public policy* and *legislation* for business, the ARP has adopted a ‘business ethic’ (pragmatism, *zakerlijkheid*) in order to shape government’s contribution to economic life.

¹¹ **BCW Note:** Goudzwaard is seeking to identify how ARP policy-making has struggled to maintain a clear answer to Kuyper’s provocative ‘What now?’ He is concerned about party lethargy that reads Article 17 in “business” terms, and fails to reckon with the party’s inability since 1918 to articulate an anti-revolutionary *Christian* economic policy that “opens up” economic life in ways other than merely leaving business to solve its own problems. Such an approach tends to read Article 17 to suggest “business as usual”, failing to reckon with the party’s history since 1918. There are two provisos to the Government’s task to regulate “business” activity: “provided it is accompanied by a due sense of public responsibility” (3rd para); and “that the Government has sufficient means at its disposal to prevent business behaviour that is contrary to the general interest” (4th para).

¹² **BCW Note:** The difficulty Goudzwaard is dealing with here concerns the task of reforming the reformed political party that has retained a prominent place in Dutch political life even though internally it is not so sure how its A-R principles are to be worked out, particularly in terms of concrete legislative recommendations for economic policy and most notably for *the life of business*. The political context is characterised by a widely held assumption that the primary choice is about locating the party somewhere between socialism and capitalism.

In the following explanation of Article 17, I will continually refer to the Confession contained in the Introduction to the party's platform.

The structure of Article 17

Article 17 is divided into two parts. The first part presents the A-R view on the question of economic order, i.e. the problem of what is the most desirable form of organization at the level of economic life. The Article demarcates the position of government and the position of the business community with respect to each other. The Article also discusses two mixed forms of government and business, namely the mixed forms of the government-company and the Public Law Business Organization (PBO).¹³

The second part of the Article looks at some components of economic policy. This involves discussions of employment policy, of development and energy policy and of policy regarding international economic relations. Clearly, we will want to maintain this distinction¹⁴ in our explanation.

First I will discuss the problem of economic order (A), and then some aspects of economic policy (B).

A. GOVERNMENT AND ECONOMIC ORDER

§ 1. Government, business and economic life from an Anti-Revolutionary outlook.

“With regard to economic life, government and business each have their own distinct tasks.” In this sentence - which opens Article 17 - it is striking that a distinction is made between business life and economic life. It is said of the business community that it has its own task with regard to economic life.

At first glance this seems a somewhat strange distinction: is not business life the same as economic life?

This is indeed *not* the case. Economic life can be referred to as the area of life in which we humans have to deal efficiently with scarce goods. It is the area in which people must carefully consider how we shall use these limited resources as efficiently as possible to satisfy our varied needs.

However, this necessity does not only apply to the person in the company or the enterprise - i.e. to the person in business - it also applies to the family member who has to purchase goods for the family, or the church or association member doing so for church or association, or even as a government official authorising some commercial transaction for the purposes of public governance.

¹³ **BCW Note:** *Publiekrechtelijke Bedrijfsorganisatie* (PBO) refers to a Dutch form of economic governance. PBOs are self-regulatory organizations for specific economic sectors.

¹⁴ **BCW Note:** i.e. the distinction between national and international in policy-making.

The government, families, churches and associations also participate in economic life. However, they do this in ways different from the conduct of the enterprises of the business community. The business community participates in economic life primarily as producers; families, churches, associations and also the government act primarily, and in most circumstances, as consumers.¹⁵

Capitalism and Socialism.

The important question of how the government should position itself towards these productive activities of the business community operating in its territory is rarely given a consistent answer. The answers usually vary between two extremes.

One of these extremes is (orthodox) capitalism. Capitalism's supporters set forth their case that, in the name of freedom, the profit motive of business must be allowed to operate without hindrance, both in economic life and beyond. Consequently, within the economic realm, capitalism is unable¹⁶ to prevent the exploitation of workers and consumers; meanwhile, outside that realm, it grants free rein to the dominance of the profit motive over art and science, as well as over social and legal relations. In effect, only those forms of art and science that promise economic gain can develop, and only those social and legal structures that offer the prospects of profit can take shape. Capitalism therefore results in the fact that it subordinates the interests of the people in everything to the sovereign will of private business.

We find the completely opposite opinion in orthodox - and partly also in modern - socialism. This involves the wish - in precisely the other way around to capitalism - to subordinate the interests of private business entirely to the sovereign will of the people. The government, as the organ of the popular community, is obliged to implement the people's will.¹⁷

Socialism no doubt values the activities of business very highly; but it does so purely and solely as a means to provide the popular community¹⁸ with sufficient employment and sufficient consumer and investment goods.

¹⁵ **BCW Note:** The emphasis here is upon "primarily". Non-commercial institutions are venues of labour outside the market of buying and selling. See discussion of productive and transductive labour in Bob Goudzwaard and Harry de Lange **Beyond Poverty and Affluence** 1995 pp. 57-59 (trans. *Genoeg van te Weinig; Wissels omzetten in de economie* 1991 (3rd edn)).

¹⁶ Dutch: *machteloos*

¹⁷ **BCW Note:** In the West, and in particular the Anglophone west, a change in socialist strategy occurred with the demise of the Soviet Union and the end of the cold war. The "critical theory" that had been accepted by left-academics from the Frankfurter Schule, refocused its attention upon "popular culture" and hence situated itself within a renewal in the "long march through the institutions" that has seen the dominance of deconstructionist ideology also via mass-media and since 2006 "social media". A peculiar left-leaning ideology of state-enhanced rights is maintained under the guise of "choice enhancement" in the public sphere that presents itself as inheritor of neo-liberal "progress". See David Koyzis **Political Visions & Illusions: A Survey & Christian Critique of Contemporary Ideologies** 2nd edn. 2019 see Chapter 2: *Liberalism - the sovereignty of the individual*.

¹⁸ Dutch: *volksgemeenschap*.

A positive rating is not given to the activities of the private entrepreneur and the provider of capital apart from the services they provide to the consumer and to the community. A company has, in principle, forfeited its right to exist when, either through its own fault or through the fault of others, it is no longer completely subservient to the most effective provision of the economic needs of the ‘community’.

In orthodox socialism, the interests of private business are therefore assumed to be merged with those of the popular community - just as capitalism, conversely, merges the interests of the popular community with those of the business community.

There will be few anti-revolutionaries who want to take on board either of these two extreme positions. We desire neither an explicitly capitalist nor an explicitly socialist order. That’s simple enough.

But what is not so easy to express is what we do want.

Should we occupy a place in the middle, somewhere between these two extremes? So do we add some socialist water to the capitalist wine, or conversely do we add capitalist water to the socialist wine?

But clearly, to state the problem in these terms is to misrepresent it. We do not have to settle for a place somewhere between capitalism and socialism. The anti-revolutionary principle enables us to adopt a unique approach to the relationship between government and business, which is derived from neither capitalism nor socialism.

The relationship between Government and business in the light of Christ’s Kingship.¹⁹

To understand this, we need to return to the introduction of our program, where, according to our statement of principles, this A-R approach professes its belief in the Kingship of Jesus Christ over heaven and earth. That is a confession of enormous significance. It means that the entire world, in its magisterial diversity, in all the areas of life and with all of its social forms, is directly subject to Christ’s authority; this a confession about every person.

Each and every man and woman is an office holder directly called by Christ to carry out his or her duties. This holds wherever the office-holder is located, in whatever circle and in whatever field. This confession is as much about the work to be done in a family in order for it to “run” well, as it is for the work that must be done in a business enterprise in order for it to function properly. These are the activities that directly form part of the service we owe to Christ.

¹⁹ **BCW Note:** Again, it is important to keep in mind that though this document is *not* an election manifesto, it is nevertheless engaged, as Goudzwaard has indicated, in an educative initiative within the Anti-Revolutionary Party to explain the *Christian* world-view that is implicit in the party’s statement of principles.

Christ's Kingship is not only about the church, but it is also directly about the family, about the company, about the state - and, as it were, it is about everything that has to happen in these circles from day to day, to keep things going, enabling the further flourishing of these spheres of human responsibility. The tasks that develop state, family and business all fall entirely *within* the framework of Christ's Kingship over these life domains²⁰; therefore they are completely within the human vocation, as it is given to us to live and work within these responsibilities.

For us, as we address our problem of rightly configuring the relationship between government and business, this confession is necessarily of great importance. One point immediately stands out. If the work that is carried out from day to day in the business world is to be viewed as a calling coming directly from Christ, then no government should ever presume in its actions to be the agent who issues the call to us to engage in these diverse activities.

A government that interferes with companies and businesses as if they were branches of its own rule, that intrudes into all the affairs of companies and businesses, is guilty of a failure to recognize the independent vocation of its subjects - and therefore is guilty also of a failure to recognize of the Kingship of Christ. After all, such an intrusive government ignores the worldwide scope of this Kingship.²¹

However, the significance of the confession of Christ's Kingship for the relationship between government and business is far from exhausted. This confession not only enables us to say what a government may not do in relation to the business community; it also prompts us to go on to say what it may do.

For the Kingship of Christ not only relates directly to the activities of business life, but also directly to the activities of the government. Christ is also King of the state. He has placed what the Scriptures refer to as the power of the sword in the hands of the government - this is basic to the authority of the state - with the help of which it is to govern the nation with justice, for the good of the people (Article 4). This call of the government to enact and develop a just policy to benefit the people should also determine its attitude towards business.

In order to be able to indicate in more detail what that calling entails, we must remember that the confession of Christ's Kingship makes us see the people as a body of office bearers, as a body of persons who are directly called by Christ in their own sphere, in their own responsibilities. The government will therefore also have to approach its people in the same way.

²⁰ **BCW Note:** The Dutch term is: *levenskringen* life circles, life directions, life spheres. The term *kring* of course was part of the A-R principle of "sphere sovereignty" - *Souvereiniteit in eigen kring*.

²¹ Dutch: *Zij negeert immers de wereld-wijde strekking van dit Koningschap*.

A government that wants to benefit its people in a just manner will first, in accordance with its own calling, have to give the people it governs the space to conduct their affairs in all these diverse responsibilities and relationships. It will have to watch over families and businesses, social, cultural and economic relationships in such a way that in all life contexts and relationships the persons involved can continue to fulfill their Christian vocations in a lawful and proper manner.

Government's role in relation to the business community.

Against this background, it is not difficult to see the government's task in relation to the business community. There are two sides to that task.

The first side consists in the fact that the government has a duty to benefit the business community itself in a just manner. This means that it should provide to those who work in business the space to properly give proper effect to their Christian vocation²² - both in their own business sphere and as they relate to other participants in economic life. The government must create the public conditions necessary to enable independent businesses to flourish and to assist in the development of economic life to the greatest possible extent. Or, in the words of Article 17:

*The aim of government economic policy should be to create the general conditions for maintaining and increasing public welfare, whereby the government must recognize that the best guarantee for meeting the needs of our economy is for industry to manage its own affairs always provided it is accompanied by a due sense of public responsibility.*²³

However, there is another side to the government's task towards the business community. This arises from the fact that the government is called to benefit the entire populace. The situation may arise in which participants in the business community use their powers - consciously or even unconsciously - in ways that unfairly hinder the fulfillment of the vocations of other members of our society. Naturally, when such actions are observed, the government cannot and should not sit passively. After all, it not only has to create space for the entrepreneur's own vocational fulfillment, but also for that of the employee and consumer too.

The Government is called to serve all people in a just manner. If entrepreneurs behave in a way that hinders or threatens to hinder the

²² **BCW Note:** The phrase *om hun christelijke roeping* is perhaps unfortunate, but arises from an essay written to assist the members of the ARP in the party's *Christian commitment* to its *normative* task. There is no desire to prevent Government from action (regulation) that can be described as resulting from its calling; Article 17 focuses upon the Government's task for ensuring a just economic order to enhance *public welfare*. The economic policies of a *Christian* party are not concerned merely with the impact of Government's action upon Christian entrepreneurs and Christian workers. A Christian party must ascribe due respect to the vocations of all involved in the economy. This is an address to members of a party committed to due respect for economic life, to the normative requirements to which business is also subject.

²³ **BCW Note:** See comment ftn. 11 above. Article 17's appeal to the "general interest" or the "common good" means that Government action must cut both ways. See the paragraph that follows.

development of the lives of other participants in economic life, then the government called to ensure fair dealing must intervene. It must then direct entrepreneurs to the place that God has placed them in relation to their fellows.

That is why Article 17 states that industry's management of its own affairs must be accompanied by a *sense of responsibility*.

Demarcation versus capitalism and socialism.

This simultaneously defines our position in relation to the above two extreme positions. This is because both the orthodox socialist and capitalist fail to recognize what is central to our entire argument: business as business is directly under the Kingship of Christ, and all business activities fall directly under the service to which Christ calls those who work in the business world.²⁴

Why does capitalism ignore that? It fails to do so when the development of business is viewed as a goal in itself, against which goal no independent place needs to be reserved for the legitimate interests of the other participants in economic life. So, capitalism thereby fails to understand the vocational service of those working in business. Anyone viewing the task of business in terms of the Christian calling will know that harming the interests of fellow humans is radically at odds with one's own task and calling. Where capitalism fails to recognize this, it cuts off business from the service of God. It is to this service that a business community is called.

But neither can socialism avoid censure. Socialism only knows how to value the independent activities of the business community, that is as instruments for its one goal: the economic well-being of the people's community. It thereby shows that it does not attach any direct significance to the distinct calling of those at work in the business community. Anyone who reckons with the

²⁴ **BCW Note:** At this point in Goudzwaard's 1964 exposition of the ARP outlook, we note his emphatic appeal to Christ's Rule over all of life, a confession at the heart of the ARP's economic policy. But this is not to suggest that a Christian political option is a "third way" between capitalist and socialist extremes. Capitalism and socialism may have their defenders who assume that any political commitment will have to be wrought with a "zero-sum" outlook. To reject the one is to be supportive of the other. To be supportive of one is to reject the other. Indeed, citizens and political advocates who work with such a "zero-sum" outlook will presume that all citizens can be lined up in these terms. So when Goudzwaard says that the task of Government is to administer the public-legal realm of economic life with justice for all - whether employers, employees, consumers - he is adding that the specific focus of Government should be to create the social space in which distinct vocations can be fulfilled. The concern is to reckon with Government responsibility to all *whatever their political commitments may be*. Goudzwaard's phrasing at points may give grounds for interpreting him to have implied that a Christian political option involves encouraging the Government to view all involved as Christians, i.e. in terms of their Christian vocation. See fn. 22 above and the phrase *om hun christelijke roeping* (concerning their Christian calling). At this point he is emphasizing the ARP's view of its members' necessary respect for their political, industrial and market-place neighbours by *their* view of their calling *coram Deo*. By putting it in this way, we are suggesting that Goudzwaard is not doing other than promoting a policy of deepest religious respect for the callings of *all* neighbours, of all involved in economic and political life. Christian political involvement seeks to serve all neighbours with public justice by supporting and defending due respect for them in their vocational responsibilities and their view of themselves. And it will view these from a decidedly *Christian* view of vocational responsibility, opened up to what is given from above, in a way similar to how others, like defenders of capitalism, seek government responsibility to protect the freedom of 'individuals', or how defenders of socialism will see all involved in industry and in buying and selling as members of the overarching community from which all of social life gains its livelihood and social capital.

existence of their own service and calling will know that the business community must have room for its own independent²⁵ development. Only in its independent development can it rightly fulfill its calling. As long as socialism refuses to recognize this right of business, socialism cannot escape the danger of cutting off business from its direct service to Christ.

§ 2. Systems of Economic Order.

In this section we will briefly consider some distinctions that are of direct significance for our effort to address the question of *economic order*. This can then pave the way to further extend the application of the principle we have outlined above in *economic policy*.

The question of *economic order* is certainly not an issue that has only emerged in recent years. According to Prof. J. Zijlstra, this issue is as old as economic science itself.²⁶ The “ideal” relationship between state and society has long been a fascinating and intriguing problem for all thinking people and for economists in particular. This centuries-long thought process has yielded several distinctions regarding possible systems of economic order.

One of the best known set of such distinctions will provide us with a threefold classification: an economy can be free, mixed or managed. We now briefly discuss this in more detail.

The triumph of the mixed economy.

In the triad - free economy, mixed economy, managed economy - the ‘free economy’ and the ‘guided economy’ conveniently represent the two extremes of a line on which the degree of government interference in economic life can be measured.

A ‘free economy’ means an economic order in which the task of the government is limited entirely to measures of public order and for the protection of the civil rights of its subjects. So it is an order based upon a completely unfettered system of private production and a completely unregulated consumption; an order in which entrepreneurs and consumers can, as it were, do whatever they want, in economic terms.

And then a ‘managed economy’ refers to a system in which economic production takes place entirely within government enterprises, in which the prices and quantities of goods to be produced and consumed are determined in advance by government authorities. Private ownership of the means of production is completely excluded.

²⁵ **BCW Note:** The difficulty in communicating the outlook of ARP’s view of “sphere sovereignty” is with explaining why this social space for “independent” development is by no means an endorsement of entrepreneurial “autonomy”. The Dutch term here is *zelfstandige ontplooiing*.

²⁶ **BG Ftn 1:** Prof. Dr. J. Zijlstra, *Economische orde en Economische Politiek*. Leiden, 1956.

So, between these two extremes of ‘free’ and ‘guided’ (or ‘managed’) economics lies a long series of ‘mixed’ economy systems - they range from virtually entirely ‘free’ with only very limited government influence to one which is almost completely ‘led’ with only a very limited sphere of free economic initiative.²⁷

This section’s heading reads: *The Triumph of the Mixed Economy*. The reason for this is that in our contemporary Western civilization the extreme types of ‘free’ and ‘led’ (or ‘guided’ or ‘managed’) economies are only ever theoretical ideals. It is only the ‘mixed’ economy that actually exists in practice. In Russia, for example, farmers have been given the right to use and manage part of the land they cultivate for private purposes. And so the economic system in Russia no longer falls completely into the ‘managed’ classification. It is, in fact, a ‘mixed’ economy. On the other hand, there is no single country in the non-communist West that has a completely ‘free’ economy. In all states, the government intervenes in one way or another, and so makes a greater or lesser impact upon economic life.

The great practical significance of the system of a ‘mixed economy’ raises a question of whether a further distinction can be made between different types of ‘mixed’ economy. Of course, it must be borne in mind from the outset that any distinction in this area will be somewhat unreal and artificial. This is because such types of ‘mixed’ economy will never, in practice, occur in a pure form.²⁸

Appropriation, limitation and indirect binding of control.

Let us now imagine a situation in which the business community does not exercise its economic control as the government deems that it should. What options are available to the government to put an end to an incorrect utilisation of economic power? Generally speaking, there are three ways that Government can respond.

The first path is that it decreases the control of the business community and adds this to its own existing control. The business community will then find it is impossible to keep going as it has been doing. That is the path of appropriating economic control.

²⁷ **BCW Note:** As stated these are two extremes. Goudzwaard will go on to say that they are as much aspirational ideals of those committed to either capitalist or socialist ideology.

²⁸ **BCW Note:** For a later discussion of this same theme, see [*Bob Goudzwaard “Centrally-Planned Economies: Strengths, Weaknesses and the Future” Transformation 4, 3-4, 1987: 54-59.*](#) And even if this reads as if, in 1964, he was going around in circles, it should be kept in mind that this is also a document for the education of members of the party who have an important task in policy development. He therefore acknowledges a degree of idealistic conceptualisation which is somewhat ‘unreal and artificial’.

The second path is where the government will limit the relevant powers of the business community. It then binds the exercise of this part of the business community's control to certain conditions, so that abuse is prevented from now on. We would call this the path of limiting economic control.

The third way is when the government tries, through indirect means, to induce the business community to once again use its authority of its own accord in the manner desired by the government. We call this last route the route of indirect binding of control.

A clear case of appropriation of economic control is the system of so-called guided wage formation. With this wage formation system, the government determines at its own discretion which wages will apply in the various industries and which wage increases are permitted from time to time. In this case, wage determination is no longer under the control of the business community (via its employers and employee organizations), but part of the control of the central government. Control has therefore transferred from the business community to the government, which uses the determination of wage levels as an instrument in its entire socio-economic policy.

Another case of appropriation of economic control occurs when the government 'nationalizes' an existing private company, and thereby converts it into a public company. So even then, the government will take on a degree of economic control.²⁹

It should be noted in passing that the appropriation of economic control by the government does not necessarily mean that the business community loses a corresponding part of its control. The government can also at times appropriate a degree of economic authority from something it has first set about creating. The establishment of a new public company is a clear example of this. The government then acquires (a degree of) economic control without first taking it away from private industry.

The second route of government intervention - the route of limiting economic control - is characterized by the fact that the government leaves economic control where it is - often in the business community - but still places certain limits on the exercise of that control. For example, the government can prescribe that no contracts may be concluded on the market for grains below a certain price. It then binds grain prices to a certain minimum.

The government can also, for example, limit wages to a certain maximum. The entrepreneurs and employees then retain their control over wage

²⁹ **BG ftn 2** A third case of appropriation of economic control falls somewhat outside the scope of Article 17 and will therefore remain undiscussed here. It is the case where the government claims certain seats for itself (i.e. for its representatives) on the Supervisory Boards or on the Boards of Directors of large private companies. (A so-called 'public interest commissioner'.)

determination (the government does not arrogate this control), but it is still a control limited by the government: the employees are no longer allowed to agree on wages that are above the maximum.

For the sake of completeness, we would like to note that such restrictions that arise from government control can be so drastic that in fact they will closely resemble the above-mentioned case of appropriation of economic control. For example, the government can determine the maximums and minimums in such a way that no room for manoeuvre remains for the business community.

Of course, the limitation of economic control does not always have to relate to prices and wages. When the government, through its antitrust legislation, sets a certain limit on competitive relations in our country, this also constitutes a clear restriction of economic control exercised by the business community. The examples given can therefore be supplemented with others as desired.

The third route of government intervention is that of indirect control, in which the economic decision-making power of the business community is indirectly linked to the objectives set by the government. This road is still quite new; a few decades ago it was hardly used by the government. The name of John Maynard Keynes, the English (liberal) economist is, with others, associated with this path.³⁰

An example for clarification is necessary here. Suppose that economic life, as in the 1930s, falls into a depression.³¹ Such a depression is partly due to the fact that people are, in general, hoarding too much of their money and spending too little. If entrepreneurs, however, were to have more money, and invest in the purchase of new means of production, and if (affluent) consumers were willing to cash in their old stock for the purchase of new consumer goods, then the crisis would largely be resolved. So then, what can a government do to induce entrepreneurs and consumers to act in this way? A direct prescription for entrepreneurs and consumers to hoard less and spend more is theoretically conceivable, but practically unachievable and also an encouragement to risky conduct.

Keynes has now shown that in such a situation a solution can be found indirectly - for example by a (drastic) increase in government expenditure. The entrepreneurs then receive new production orders from the government - which increases their willingness to purchase new means of production. The workers - including those employed on new government works - will buy more consumer

³⁰ **BG Ftn 3:** J. M. Keynes **The General Theory of Employment, Interest and Money**, 1936; **How to Pay for the War** 1940. A reasonable summary of his theory for non-economists is offered by Prof. Dr. J. Pen, **Moderne Economie**. Aula pocket books.

³¹ **BCW Note:** A depression is a long-term economic downturn with widespread unemployment and considerable suffering due to high prices and reduced availability of items for consumption.

goods thanks to their new wages; the demand for consumer products is also increasing. Entrepreneurs and consumers are therefore indirectly induced to increase their expenditure. Direct government intervention in their control is therefore no longer necessary. In an indirect, imperceptible manner, the government influences the economic decisions of its subjects in such a way that they exercise their economic control over money and goods in accordance with the objective from the government.³²

MIXED ECONOMY

appropriation of economic control	limitation of economic control	indirect tying of economic control
<i>by taking away existing powers from the business community</i> EXAMPLES <i>Overall government fixing of prices, wages, quantities produced.</i> <i>Nationalisation of privately owned companies.</i> <i>commissioners in private limited companies</i>	<i>by creating new powers</i> EXAMPLE <i>Creation of a new public company</i>	<i>by binding producers and consumers to certain (detailed) requirements</i> EXAMPLES <i>Price ceilings and minima</i> <i>Wage ceilings and minima</i> <i>Competitive arrangements</i>
		<i>by government intervention at certain (strategic) points to create an economic situation within which people used their control in certain ways.</i> EXAMPLE <i>Counter-cyclicity through a change in government spending and tax levels (non-expendable budget).</i>

The “mixed” economy in practice.

From the above, one could at first glance deduce that in practice there are three types of “mixed” economy:

- the first type, in which the government has appropriated part of the economic control of the business community,
- the second type in which the government has limited the control of the business community to a lesser or greater extent,
- and the third type in which it has indirectly tied the control of the business community to its own purposes in certain respects.

³² **BG Ftn.4** For the sake of clarity, we include the diagram in the discussion that follows. It is entirely oriented towards the contrast between free, mixed and controlled economies and therefore relates exclusively to the attitude of the government towards the control exercised by the business community. It is therefore not the case that all measures in the field of economic policy can be included in this diagram. Various government measures are based neither on an appropriation nor on a limitation or indirect binding of economic control, such as, for example, the granting of certain government premiums or subsidies. Premiums and subsidies may be accompanied by the declaration of a certain price maximum or minimum, i.e. with a restriction of control, but this is of course not necessary. With regard to these government premiums and subsidies, we would note the general rule that as prosperity increases in a society, the justification for maintaining subsidies on foodstuffs and other necessary consumer goods to that same degree is diminished.

As already indicated, however, these different types of mixed economy never occur in a pure form in practice. In fact, every existing mixed economy is a mixture of these different avenues of government intervention. In almost every mixed economy, the determination of business is limited in certain respects, indirectly bound in some respects and in other respect completely taken over by the government.

The “roads”³³ designated here are therefore no more than building blocks, the basic forms from which every mixed economy that exists in practice is built up. It is of course possible that in one state one avenue of government intervention is in the foreground, and in the another state another of these “roads” prevails in economic policy.

Despite all the practical differences, it is true that we always find these three “basic forms” in existing reality. In order to be able to develop a responsible Anti-Revolutionary Party view on the problem of the economic order in line with Article 17, it is therefore necessary to examine each of these three basic forms more closely from this same Anti-Revolutionary point of view. In the coming paragraphs, the appropriation, the limitation and the indirect binding of economic control will be discussed successively. Naturally, we closely follow what was stated in §1 in principle about the relationship between government and business.

§3. Appropriation of Economic Control by Government.

When we read Article 17 with regard to the appropriation of economic control, it appears that it only intends to allow this appropriation by way of exception. It considers active participation of the government “in producing goods and providing tservices” - which should particularly include participation through government companies - only when it is desirable that it do so, “... insofar as the general interest specifically requires this and private initiative apparently falls short in this regard.” This desirability therefore only exists in typically exceptional cases.

At first glance, this seems like a somewhat half-hearted approach. It is as if the program says: the government company is deeply contrary to our principle, but must be tolerated from time to time for business reasons. So more or less in the spirit of: “Isn’t it true, as a Christian, that one must also be a realist, so one should not want to push one’s principle of state deprivation too far.”

Is it this un-Anti-Revolutionary attitude that underlies Article 17? We strongly deny that. When Article 17 deems the appropriation of economic control by the government desirable in certain circumstances. this is not to

³³ **BCW Note:** i.e. as indicated by the four columns in the above diagram.

weaken the principle with a view to practice, but precisely because the principle itself requires that appropriation.

The Government company: when is it desired?

§1 explains that both government and business have received their own callings from God. The calling of business is centered on producing goods and services in an economically responsible manner; the calling of government is centered on governing the nation with justice for the good of the people.

It was then further noted about this calling of the government that the government policy truly benefits the people only when it is formed by a just effort to provide space for all subjects to fulfill their God-given callings. This is a public administration for *all* citizens; so not only to those who are involved in production in the business world, but also to those who participate in economic life as consumers and who need the goods produced by the business community for their own family, church or association.

This latter qualification is of direct significance for our present subject. It is not always the case that consumers can indeed obtain all the goods and services they absolutely need to fulfill their vocation, for example in their family.

It could be, for example, that business does not see any profit to be made from the production of some (necessary) goods and services. Or - another possibility - an industry may only wish to take up production of a certain product if it can charge prices that make the product beyond the purchasing reach of any normal consumer.

In such situations there is a clear lawful basis for the appropriation of economic control by the government. Because the government has to create space for the fulfillment of vocations in all responsibilities of life, it cannot allow those life-spheres, which are directly dependent on certain goods and services for their proper functioning, to be permanently deprived of these goods and services that they need.

If there is production that is necessary for the development of the people of the country that is not taken up by the business community - or can only be taken up at excessive prices - it is a requirement of justice towards the consumer that the government itself takes care of this production.

That the gas, water and electricity supply in our country is almost entirely provided by the government - i.e. in the hands of the national government, the province or the municipality - is therefore not something to be questioned, but a good and just state of affairs.

These are economic services that are essential for the development of the lives of our entire people, but which at the same time require such large capital

investment for their production that they can only be profitable for private industry at normal sales rates in exceptional cases.

In such cases it is preferable to no longer speak of a displacement of the business community by the government. That would be right if the business community were indeed in a position to take on such production.

But here there is a clear impotence on the part of the business community, a powerlessness that results from the narrowness of the point of view that characterizes business: the economic one.

From this point of view, it is folly for a private company to start a production that cannot be profitable - even though this production is so necessary for our national existence.

The conclusion of all this may be that the government may never make the determination that a certain product is necessary for the nation's people merely dependent upon the degree of willingness that private industry shows for such production.

Introducing the public company: is it a matter of efficiency?

There are political movements that want to go one step further with the application of government enterprise in our economy. The supporters of these movements are of the opinion that the position we are taking here is still far too conservative. According to them, the choice between public and private companies is a matter of efficiency. If a certain product can be produced more cheaply by a government company than by a private company, then a government company is to be desired for the provision of that product to consumers. They give a strongly reasoned defence of that argument - and it also seems to find some support from our own argument.

After all, we have made it clear that the government also has to take the interests of consumers into account. Well, in our country there is a clear consumer interest for production to be created at the lowest possible cost. After all, lower costs imply the possibility of lower prices.

Isn't the creation of many efficiently functioning public enterprises worth every consideration?

It is not difficult to see through this reasoning.

The government has indeed to also look after the interests of consumers. But then the little word "also" must be fully emphasized. It is not acceptable, as is implied in this line of reasoning, that the interests of businesses should be subsumed by the interests of consumers. When government considers the most desirable direction for economic life, the importance of business interests for the life of business must receive their independent importance.

And it is not uncertain in which direction this interest of business should be sought. After all, in business an independent, God-given calling is fulfilled. By virtue of this calling, the business community has a direct interest in being able to expand further and develop economic life on an entrepreneurial basis. This interest of the business community sets a clear limit to the government's efforts to set up its own companies.

The government must realize that it is not itself, but the business community, that has the primary task of further developing economic life in a commercial manner. A government that introduces its own companies even when they could operate more efficiently than existing private companies, therefore does not respect the legitimate interests - and therefore the vocation - of its subjects working in business.³⁴

For the same reason, the socialization efforts that still exist in socialism must also be rejected. According to the Labor Party's program of principles of 1959, socialism considers the socialization of the main means of production in industry and the delivery of services to be necessary as soon as this proves to be an effective means of, among other things, increasing the efficiency of production. Also in the socialist socialization efforts, considerations of efficiency are therefore assigned a decisive significance. As mentioned, this indicates a lack of recognition of the legitimate independence of the interests of the business community. This objection is given a separate consideration here because, as is known, socialization is not about the appropriation of a control that is created in advance by the government, but about the appropriation by the government of part of the existing corporate control. We can therefore conclude that the aim of socializing existing private companies for reasons of efficiency can only be seen as a clear subordination of the independent business community to the government, by which private companies are thereby relegated to become branches of the public community.

Appropriateness of control over wages and prices.

To conclude this section, we would like to give some attention to the control appropriated by the government, which does not relate to companies or their management, but to general economic phenomena such as wages and prices.

³⁴ **BG Ftn 5** From this point of view, the wording of Article 17 is not entirely successful. The phrase: "*Industry's management of its own affairs generally offers the best guarantee of meeting the needs of our national economy, Therefore (our emphasis here), the Government should not participate in the actual production of goods other than to the extent that the general interest specifically requires this...*" could give rise to the assumption that in the choice between a systems of private and government production, it is the anti-revolutionary who also gives the last word what is to be considered efficient - namely to the consideration of which of the two systems is generally suitable for offering the best guarantees for meeting the needs of the national economy. So that the government's restraint in setting up public enterprises would be permitted only until the time when the supply of goods in our society can be provided better and more efficiently by a system of government enterprises than by a system of private companies. Obviously this interpretation was not the intention of the authors of this article.

This therefore concerns those cases in which the government has assumed the power to prescribe certain wages or prices in a binding manner for all participants in economic life. Is the government entitled to such appropriation of control over wages and prices, and if so, when?

The answer to these questions may be essentially the same as that to the question of the desirability of public enterprise. The government has to recognise that its subjects live a part of their own task and vocation in determining wages and prices. It does not, therefore, have the authority to take this determination upon itself without a clear legal basis. As in the case of public enterprises, this legal basis will only arise if the economic institution of the enterprise prevents it from realising the situation, which is clearly required in connection with the entire life development of our people. Or, to put it another way and apply it to our case: this legal basis only arises if industry, in view of the typical economic nature of its considerations, is unable to establish the prices and wages that are indispensable for the proper functioning of the industry itself or for the proper functioning of employees and consumers and their families.

We will try to illustrate this statement with an example brief treatment of:

- a. a problem in price policy,
- b. the issue of rent control,
- c. the issue of guided wage formation.

a) Prices policy

As an example we choose a situation in which the producers of a certain luxury consumer item (for example, garden chairs) succeed in collectively raising the price of their product to unprecedented levels. Should the government then take full control over the prices of garden chairs? No, government lacks the legal basis for doing so.

First of all, the price of garden chairs does not decisively affect or detract from the proper functioning of the Dutch family. And secondly: the business community is certainly not in an economic situation where it cannot set a lower price. The cause of the excessively high price does not lie in the fact that production would no longer be economically feasible at a slightly lower price, but solely in the deliberate disruption of normal competitive conditions. When these are restored, the price will drop back to normal levels.

However, the fact that usurping control over prices is not permitted in this case, does not mean that the government should always keep aloof from such unhealthy price developments. However, it will in any case have to combat the abuse present here in a manner other than by appropriating control. It is conceivable, for example, that it limits the price of the product in question to a

certain maximum. But this already anticipates the theme of the next paragraph: the theme of the limitation of economic control.

b) Rent controls

At the time of writing this (1963), the Netherlands is still confronted with a significant housing shortage. The demand for housing is considerably greater than the possible supply based on the limited capacity for construction. This has led the government to take greater responsibility for determining housing rents. Is that justified?

As long as housing shortages continue to a significant extent: yes. It should be borne in mind that if the government leaves house prices and rents completely uncontrolled when there is a significant housing shortage, applicants for new houses will start bidding fiercely against each other: rents and prices for new houses will rise to unprecedented levels. As a result, many families who are in dire need of housing because of the size of their families and other circumstances, miss out because such rents are unaffordable. The distribution of scarce newly built homes would therefore take place in a very unfair way if rent controls were relaxed.

There is therefore a clear legal basis for government control over rents and house prices. Given the limited construction capacity, and given the fact that construction companies, due to their economic nature, tend to sell their new construction to the highest bidder, we have here a typical instance in which an appropriation of control as we have described it above³⁵ - namely the situation in which the business community, given the typically economic nature of its considerations, is unable to achieve those prices (or rents) that are necessary for the still required development of the lives of the families of Dutch consumers.

Naturally, this does not mean that the government should not strive for more normal conditions in the housing market in order to restore the business community's economic power to determine prices and rents. However, any recovery of more normal conditions will proceed at a pace depending upon the success in overcoming the shortage of available social housing.

c) Guided wage setting.

The term “guided wage setting” refers to that system in which the government has taken complete responsibility for determining wages and salaries. Are there situations where this form of control by the government can be considered fair and just?

These situations will only arise in exceptional cases. After all, in normal circumstances, the business community is indeed in a position to achieve the

³⁵ **BCW Note:** i.e. in the diagram at the beginning of this section.

level of wages necessary for the development of the people of our country. The payment of just and humane wages to employees is not an insurmountable issue for Dutch companies and enterprises. It is not something that endangers their economic outlook. Therefore, in situations as we know them today (1963), the system of guided wage setting would be a fundamentally reprehensible system. By introducing such a system, the government would be showing a disregard for its own vocation, and this would be experienced by employers and employees when they engage in their joint wage determination.³⁶

However, there are circumstances in which employers are, from an economic point of view, unable to pay a reasonable wage. This situation occurred in our country just after the Second World War. The productivity of the Dutch worker was still extremely low at that time, considerably lower than the pre-war level. If the workers had then been rewarded according to the economic standard of such productivity, then the workers would have received wages which were completely insufficient for the normal functioning of the family. And for business to be asked to deviate sharply upwards from this standard would mean its gradual destruction. In this situation, there was therefore a clear legal basis for a system of guided wage setting. At that time, the business community was simply not (yet) able to pay employees the wages required to support their families. As is known, the government was able to fill the “gap” by taking out extensive loans abroad, so that the workers could still be provided with a certain basic wage. Without such guided wage formation irreparable damage would have been down to Dutch family life at that time.

The meaning of the concrete circumstances

Before we conclude the discussion of the issue of the appropriation of economic control, we would like to draw attention to the fact that the legality or otherwise of such appropriation of control can never be determined independently of the concrete circumstances. The last two examples illustrate this truth very clearly. A policy of rent control and a policy of guided wage setting may at one time be decidedly unjust, and at another time, when circumstances have changed, certainly just. A government that fixes the price of all foodstuffs and rations the sale is a monstrosity in time of peace, but in time of war it does no more than its duty.

At this point we may perhaps be permitted a little digression. There are anti-revolutionaries who see this appeal to “concrete circumstances” as “the beginning of the end”. They perceive in it a clear relativization of the anti-revolutionary principle. Something that is objectionable in principle remains

³⁶ **BCW Note:** Notice that Goudzwaard is presuming his readers understand the role taken by Government in the system by which employers and employees negotiate wages. The key term in this paragraph on “Guided Wage Setting” is “taking complete control.”

objectionable under all circumstances. They see agreeing to rent control or guided wage formation in certain circumstances as giving in to practice and abandoning the principle. We hope that the above has made it clear to them that it is possible, based on a principle that remains the same under all circumstances, to give a positive and principled “Aye” in one circumstance, and an equally positive and principled “Noe” in another circumstance. Guided wage formation was required in principle from 1945 to around 1950, and rejected in principle after that time - both decisions for the direction of economic life was on the basis of the same, unchanged principle.

A policy that is worked out in the same way under all circumstances is an unjust and therefore unprincipled policy. And vice versa: a policy that takes concrete circumstances into account does not necessarily need to lack a fixed and unchanged starting point.

The accusation that we compromise our principles for the sake of practice is therefore not justified at this point. It is a reproach that returns upon the heads of those who utter it. And consider further that those who consider certain practical-political measures objectionable in a “once and for all” way, are repeatedly forced to compromise these “principles” in practice - simply because reality forces them to do so. However, this permanent retreat from principles is self-inflicted. This is because it arises from the fact that a certain practical circumstance or line of conduct (e.g. the absence of guided wage formation) is wrongly associated with ever-fixed and ever-unchangeable Christian principle.

§ 4. Limitation of Economic Control³⁷ by Government.

The limitation of economic control concerns the power of the government, if necessary, to impose certain limits on the control of its subjects. In which cases will the government be allowed to use this power?

This is a point on which there are sometimes quite major disputes between and within the various political movements. Where one movement virtually rejects any limitation of control - consisting of e.g. rejects the imposition of price minimums and maximums, the other school of thought considers such a restriction desirable under almost all circumstances.

The limitation of control and the anti-revolutionary principle.

When we consider the arguments used by the consistent proponents and consistent opponents of restrictions on control, they sound familiar. The proponents rely on the rights and interests of the community, the opponents on the rights and interests of the business community. The former are in favor of limiting control, because this allows them to make the development of the business community serve the ‘free’ development of the entire community; the

³⁷ Dutch: *zeggenschap*

latter are against a restriction of control, because they want the development of the popular community to serve the ‘free’ development of business. Both arguments have already been rejected.³⁸

To speak in this way is to ignore the vocational character of the activities carried out in the business world. The first reasoning, as we have seen, falls short of this because it does not take into account the original freedom that business needs for itself to fulfill its vocation: the second reasoning falls short of this because it sees the freedom of business as a freedom for its own sake, regardless of the call to take into account the legitimate interests of fellow human beings.

But here we have also found the starting point for a typically Anti-Revolutionary approach to the issue of limiting control. We will have to reject the opinion of the consistent opponents just as much as that of the consistent proponents.

Based on the established principle that those who work in the business community have their own, independent vocation, we will therefore decide in one case *for* and in an other case *against* a restriction of control depending on the concrete circumstances.

We opt *for* a restriction when the business community appears to be exercising its powers to openly harm the legitimate interests of other participants in economic life.

We opt *against* a restriction if it would amount to a disruption of the free development of economic life according to its own nature.

These last two statements are not contradictory, as some may think. Because a truly free development of national economic life according to its own nature is only possible on the basis of respect for the legitimate interests of all subjects involved in economic life.

Therefore, when the government is faced with situations in which, without a restriction of control, the legitimate interests of certain nationals are not taken into account, the restriction of control it implements can no longer in any way be characterized as a disruption of the free development of business according to its own law of life.

It is no inconsistency that we speak out so strongly on this point. This is because part of our Christian confession is at stake: the confession that God’s creation of the world is a good creation, and that it is the fault of mankind alone that there is evil and disharmony in the world.

³⁸ **BCW Note:** i.e. in §1. **Government, business and economic life from an Anti-Revolutionary point of view.**
We have already commented on this quite extensively in ftn.24 above.

The laws for economic, social, legal and cultural life, which God has placed in His creation, form a harmonious and indissoluble coherence; as such they can never be in disharmony or in contradiction with each other.

That is why we should never presume there is a conflict between what is required of humankind in legal over against economic terms.

Those who argue that a just and restorative intervention of the government can still entail an infringement on the free and proper development of economic life are, in my opinion, at odds with the Christian creation belief.

On the basis of this confession, we will rather arrive at the thesis that a business community that respects the legitimate interests of all participants in economic life can only reach its full and true economic development by doing so. Economic, social and legal life only flourish with and through each other.³⁹

The fact that economic life has so often lacked proper development, whether in recent time or in the distant past is therefore not by any means unrelated to the constantly re-emerging human attempt to tear apart the harmony inherent in creation between economic and non-economic laws and norms and to declare the (proper) course of economic life to be independent of any social, ethical or other norm.⁴⁰

Standard economic science⁴¹ has long contributed to this, having taught that for the optimal development of economic life it is sufficient for everyone to simply pay attention to their pure economic self-interest. How wrong this was has been revealed in shocking terms over the last century. The attempt to justify unsparing desire for one's own profit and possessions has called forth millions of workers plunging with their families into great economic misery.

The conclusion may be drawn that the government in no way undermines the proper development of economic life when it must, according to the normative standard of (public) justice, over-rule, in certain respects, the economic control exercised by business.

By requiring business to exercise its control within limits that respect the legitimate interests of all citizens,⁴² government does not go against business's

³⁹ **BCW Note:** Here Goudzwaard develops a viewpoint that he will later on refer to as the "simultaneous realisation of norms" as propounded by his professorial predecessor at the Vrije Universiteit T B van der Kooy. (See **Capitalism and Progress** 1979 p.65 fn.30)

⁴⁰ **BG Ftn 6** Neo-Liberalism continues this error, albeit in a slightly modified and softened form.

⁴¹ Dutch: *De officiële economische wetenschap*

⁴² **BG Ftn. 7** Perhaps it is superfluous to point out here (and elsewhere) that our reference to *legitimate* interests of subjects, and not just to 'interests', is deliberate. We say this because it is clearly not the government's task to restrict control in every case in which one or other interest of any economic participant is in danger of suffering damage. Such restriction is only appropriate when it concerns damage to interests from which, as a national, one may legitimately claim protection from the government: these are interests that relate directly to the requirement of the publicly unobstructed fulfilment of one's vocation in all the private spheres of life of our people.

own freedom and self-fulfilment. On the contrary, it thus assigns a just and legitimate place to this freedom and self-fulfilment.

We now examine various practical cases in which the need for such an overruling of such control may arise. Four of the most important cases are:

- a. a particular company, or group of companies, unlawfully affects the interests of its consumers;
- b. a particular company, or the business community as a whole, unlawfully affects the interests of employees;
- c. one company (or group of companies) unlawfully affects the interests of another company;
- d. employers and employees together affect the legitimate interests of other population groups.

In each case, a brief comment and/or illustration will suffice for our discussion.

Protection of consumer interests.

One of the clearest examples of an unlawful infringement of the interests of consumers occurs when certain companies agree to supply their customers with unsound and inferior products. In the *Commodities Act*, the Government has a modest means at its disposal to restrict the control of companies in this respect.

Another example of unlawful harm to consumers is when a number of producers join together in a cartel - intending through their joint action to force consumers to make greater sacrifices. So, such regulations are necessary, even if not all cartels have this intention. There are cartels that can claim a very positive appreciation of consumer interests, for example when cartels agree to abolish unnecessary and expensive methods of competition (gift system⁴³ etc.) and which reduce existing cut-throat competition between entrepreneurs to allow prices to remain at more bearable levels. Under no circumstances should the mere association of those who produce be considered reprehensible. Just think of the many connections that are made in our country today as producers, among themselves, seek to secure the strongest possible position for themselves within the European market. So government will need to exercise caution in framing regulations that could possibly annul all cartels.

In addition, the interests of consumers can also be unlawfully affected because certain individual producers of their own accord can make price increases that are unjustified. The government should not ignore such price increases as a matter of course. When the price increase relates to a necessary consumer good, and/or when the price increase provides a significant inflationary impulse to our entire economy, the government may need to require restraint from the business community to avoid increases in prices that cannot be justified by cost increases. Here too, however, the government must proceed

⁴³ **BCW Note:** The Dutch *cadeaustelsel* suggests a benefit system for customers who purchase particular products.

with necessary caution. The business community has its own interest in the use of the “price instrument”. The government should only allow itself to limit its control after it has carefully and fairly weighed the interests of consumers on the one hand and the interests of the business community on the other.

Protection of employee interests.

Thanks to the intensive consultation on wages and other working conditions between employers and employee organizations - consultations conducted in terms of equal partnership - the danger of extensive “exploitation” of the worker in our contemporary society is virtually excluded. Given the position of employees in these wage negotiations, a restriction of economic control is no longer appropriate.

However, this general conclusion must be softened on two points:

1. It is not inconceivable that wage negotiations may develop in an unjust way in certain circumstances, for example when employers and employees mutually agree that certain groups of employees should be given explicit favour over others. In such situations, restrictions upon economic control may still be appropriate.⁴⁴
2. Where an employee’s wages are the sole source of income for his family, it is a legitimate interest of the employee to receive a wage that enables him to provide at least the most necessary family needs. If the business community does not sufficiently recognize this legitimate interest, the government may need to promulgate a scale of minimum wages.

Protection of the interests of companies and population groups.

The third case, in which a restriction of control may be required, is where companies unlawfully affect the interests of other companies.

It is important to be particularly careful in this case. There is a real danger that conclusions may too quickly be drawn that there is a need for a restriction of control.

The cause of this danger lies in the presence of the competition in economic life. This phenomenon entails that the various companies are repeatedly aiming - whether consciously or unconsciously - to harm each other’s economic interests. It is of course inappropriate to speak of an unlawful interference with interests in all these cases. After all, the fact that the various private companies are in a relationship of rivalry with each other is in no way objectionable in itself. An unlawful interference with business interests can therefore only be

⁴⁴ **BCW Note:** Here Goudzwaard assumes that a “closed shop” agreement may disadvantage workers who are not members of the industrial union.

said to exist when a particular business is affected by competition in what is clearly an unhealthy manner.

A textbook example of this is the situation in which certain producers jointly attempt to persuade their joint raw material suppliers to stop their deliveries to one of their fellow producers. It goes without saying that the government cannot tolerate such a ‘boycott’ of certain companies. A restriction of control, which frees the affected company from its precarious position, is certainly appropriate in such a case.

Finally, there is also the possibility that the legitimate interests of certain population groups will be compromised. We are thinking here in particular of the case in which employers and employees mutually agree on wage increases that must result in significant price increases. Such price increases particularly affect those population groups that rely on nominal fixed incomes for their subsistence. Due to the price increases, they can, as it were, “do” less and less with their incomes. The government can prevent this erosion of legitimate interests by imposing such restrictions on employers and employees when engaged in wage negotiations that ensure that inflationary effects are no longer to be feared from such increases.⁴⁵

§ 5. The Indirect Binding of Government Control

After the Second World War, the indirect binding of control in economic life has become one of the most important forms of economic policy - perhaps it is even the most important form. When one considers that this type of government intervention was virtually unknown before the war, one can safely speak of a seismic shift in economic policy.

As already noted, the characteristic of the indirect binding of economic control is that the government intervenes at certain strategic points in such a way that families, companies, etc. voluntarily use their economic control in the manner desired by the government. For example, by increasing its own expenditure, the government can induce entrepreneurs to invest more and hire more employees. Another example would be that by changing the exchange rate it can make exports to other countries more attractive for businesses, which can improve our country’s balance of payments position. For example, by increasing the interest rate of the Dutch Bank, it can ensure that the business community takes up less credit, which results in a reduction in investments and indirectly leads to a relaxation of the labor market. One can also continue with other examples. The defining feature of all these government measures is that producers (and consumers) are induced to exercise their own control over incomes, wages and prices in the manner that is strongly encouraged by the

⁴⁵ **BG Ftn. 8.** We will return to this subject in more detail in the second part of our argument - when discussing economic policy.

government, but without this being perceived by them as a limitation of their own control.

It is this last feature in particular - the fact that government influence is not directly noticeable - that makes this form of government intervention so popular. After all, from a business perspective, every company retains its original 'room to manoeuvre'; Government intervention is not perceived by anyone as a direct curtailment of their own powers. For the 'practicing' politician that is one of the most welcome things he can imagine. This considerably increases the possibilities of pursuing an effective economic policy; the measures he deems necessary are no longer met with much resistance from the unwillingness of subjects (companies and consumers) resistant to the restrictions on economic control.

It is therefore no wonder that the method of indirect control has increasingly penetrated practical economic policy. And it suggests that this 'advance' will continue even further in the future.⁴⁶

Binding the economy by indirect control on two paths.

In economic policy the method of indirect control is increasing along two separate paths.

Firstly, it increases via already existing government tasks. We see that there are many points where, until recently, the government intervened with its control by direct legislative restriction, but now intervenes with its control via an indirect connection.⁴⁷ For example, where in the past attempts were made to reverse all harmful price developments by setting maximums and minimums for prices, nowadays attempts are made to combat such harmful developments by fiscal manipulation via other means, e.g. government expenditure, tax rates and/or interest rates.

Secondly, the rise of such indirect binding also comes about by taking on a number of new government tasks. It is precisely this type of government intervention that has given rise to modern economic policy. The method by which a certain 'counter-pressure' is applied to the national economy by means of a National Budget is entirely based on the principle of indirect control. In addition, in our time we see government increasingly taking on the task of consciously 'steering' economic life in the direction of a certain predetermined goal with the help of the control exercised by such indirect binding.

⁴⁶ **BCW Note:** It is not merely a responsibility evident in "public-private partnerships" with respect to particular enterprises but suggests ongoing shared management of the economy by government, business and unions.

⁴⁷ **BCW Note:** i.e. between what is legislated as Goudzwaard will say with respect to government expenditure, tax and interest rates with e.g. a goal of inducing greater participation.

This twofold advance in the indirect control exercised by the increase in government's ties to economic life does raise a number of questions. Should it indeed be welcomed that the direct restriction of control across the board is replaced by an indirect link of control? And how to think about the new tasks that the government has started and will continue to undertake through indirect control?

Before addressing both of these questions, it is necessary to point out that there is nothing in this type of government intervention that would make it, as such, illicit and objectionable. In fact, it is inappropriate to reject indirect control under all circumstances - as some do - as an illicit method of economic policy. In fact, what is objectionable can only lie in the manner and the purpose for which this method is applied.

We would like to draw to the attention of those who oppose the exercise of indirect control, that every financial action of the government, no matter how small and insignificant, results in a series of economic effects that reverberate with their impact throughout economic life. Every government expenditure will have an impact upon the actions of the business community in some way or another, influencing price levels, having effects upon on labor market conditions. There is therefore no government that does not, through its actions, create a certain indirect bond of control - even if government office bearers are oblivious of the fact. The point of difference here is not so much about the question of *whether* the government may indirectly bind economic control, but rather relate to the question of *how and for what purpose* the government *should* do this.

The replacement of the restriction of control by an indirect binding of control.

First of all, the question now arises to what extent it is indeed desirable and indeed permissible for government's direct restriction of economic control⁴⁸ to be replaced by an indirect restriction of economic control.

There are political movements - think for example of particular trends within liberalism - arguing that there should be such a replacement as soon as it is technically feasible to do so. They avoid direct restrictions on control wherever possible. Their rationale for this is that the direct method too easily conflicts with the business community's own freedom and restricts the freedom of movement the business community must have when exercising its powers. The freedom of business is directly curtailed.

⁴⁸ **BCW Note:** i.e. via legislation. In other words it seems to be a trend in liberal social policy which prefers the Government to act according to market rules, rather than over-riding the market forces by legislation..

The method of indirect binding, on the other hand, leaves the freedom of movement of the business community untouched - at least from the point of view of the business community.

Now this is an argument that is not completely wrong. It is an indisputable fact that the indirect method of binding economic control leaves more room for business than would be so if a direct method were employed. It would be wrong - and unjust - if the government were not to take this aspect of the matter into account when, on any occasions, it had to choose between these two forms of government intervention. The business community must indeed have the space to freely use its powers in the context of its own vocation.⁴⁹ But the critical question is whether maintaining maximum scope for business freedom is actually a benefit for all under all circumstances? Should this retention of 'room to manoeuvre' also be viewed as a general and positive good when it has been brought about at the expense of the economic vocations others?

At this point, in our view, a difference becomes apparent between the Anti-Revolutionary and the modern-liberal perspective. There are situations where justice demands that the government proceed to a direct restriction of decision-making authority - specifically, in situations in which certain firms or enterprises clearly and openly demonstrate, through their economic policies, a refusal to heed the legitimate interests of others. Such firms or enterprises should then be clearly and openly called to account by the government. Where there is more or less deliberate misconduct, it is, in our view, incorrect to replace the method of restricting decision-making authority with the method of indirect regulation.⁵⁰

That we as Anti-Revolutionaries arrive at a somewhat different position from modern liberalism here is no accident. This is where our different ideas of freedom play a role. The liberal approach reflects a concept of freedom that sees the freedom of business as an end in itself: namely as a space for manoeuvring in which the business community can, at its own discretion, use its powers in an unhindered way and according to its own autonomous sense of responsibility. However, according to Anti-Revolutionary convictions, freedom can never be an end in itself.

The freedom of business is also a freedom bound by its very nature; namely a freedom bound to the vocation of persons in the business world, and therefore

⁴⁹ **BCW Note:** i.e. on the production and employment side of economic affairs.

⁵⁰ **BCW Note:** This is to re-state the normative demands upon Government implementation of direct and indirect binding of economic control. The imposition of direct restriction over economic control is in *situations* in which companies or enterprises having openly committed themselves to avoid any and all interference with the legitimate economic (and other?) interests of others, nevertheless stand in need of being openly sanctioned when there is "more or less" intentional misconduct. In the interests of public justice, the government should not act in such *situations* in indirect ways but only by a direct method of constraint.

also to the requirement of respecting the legitimate interests of others. That is why, as a matter of principle, we refuse to speak of an infringement or restriction of freedom when a business community that has abandoned its vocation towards its neighbours, is returned to its rightful place by means of a direct restriction of its economic control. The government then does not undo freedom, but its actions are directed at undoing the abuse of freedom. For the same reason, it is also not possible for us to regard the maintenance of a “maximum scope” for the business community’s manoeuvring under all circumstances - as may be achieved by the method of indirect control - however positive and worthy of pursuit it may be.

New government tasks: the planning issue.

When asking whether the government will also be allowed to take on new tasks in the context of the indirect binding of control, we immediately encounter the problem of socio-economic planning. This term refers to the modern attempt to systematically direct socio-economic life in a specific, predetermined direction with the help of so-called planning techniques - by means of an indirect binding authority.

Obviously it is not possible here to discuss this complex issue in detail. We will attempt to indicate in a few sentences what problems are actually raised.

In its economic policy based on modern planning technology, the government strives to achieve one or more predetermined objectives relating to the socio-economic well-being of our country. Examples of such goals are: maximum increase in national income, maintenance of full employment, a stable system of prices, a more even distribution of income, the realization of different spending patterns among consumers and producers. In order to actually achieve these goals, the government now needs a so-called economic plan or model. With the help of such a plan, the extent and manner of government use of distinct instruments can be calculated in order to achieve its stated objectives.

Consider, for example, the government taking the view that in the coming year national income should grow by 4%, full employment should be maintained and the cost of living should rise by no more than 1%. Then, with this as the plan, it can be calculated that in order to achieve this, the government should increase its own expenditure by, for instance, 4%, keeping wages constant and devaluing the exchange rate by, for instance, 3%. In such an example, then, we can say there are three purposes, to be achieved by the use of

three instruments. Other combinations are also possible, for example where one goal is to be achieved by use of one instrument.⁵¹

For instance, the government may set itself the goal of countering overspending in our economic life, it then may try to achieve this by means of the instrument of public expenditure. In a situation of (slight) overspending, the 'plan' may well suggest that the resolution of this problem can only be achieved if the government makes the increase of its own expenditure lag behind the increase in national income. This example clearly shows that modern fiscal policy is inextricably intertwined with the modern plan technique, and is in fact inconceivable without it.

And after all that has been presented so far, it is quite obvious that there can be dangers in the way in which the government uses planning technology. Particular attention should be paid to the danger that the government will position itself as the legitimate authority regarding the overall direction and organization of economic life in its entirety.

For just this reason, socialism, from the outset, has thrown itself into planning technology, completely incorporating it into the Socialist Planned Economy.

Planning is an extremely suitable means to ensure that the development of business is carried out with a general focus on the popular community with its idea of social justice. Through planning, the government can completely subordinate economic life to the national will of the community, directly undermining the vocation of individuals and groups working in the business community.

Does this mean that the use of the planning technique must be rejected under all circumstances? In our opinion, that would be a premature conclusion. In line with what has already been noted above about the permissibility of an indirect binding of control in general, we would also like to maintain that there is no inherent harm in the use of the planning technique.

On the contrary: the fact that there is now a technology that allows the government to organize its actions in a more systematic manner than before is, in our opinion, positive. The government can now better than ever take into account the important economic effects that can result from its actions.

⁵¹ **BCW Note:** Dutch: *van bepaalde instrumenten*. The concept of Government economic policy instruments refers to its own spending, its adjustment of wage-rates in legislation and the fixing of the exchange rate. See below: "Tools for planning" *after* discussion of "Purposes for Planning". See the symposium considering his "care economy" "Economische waarde en de doeleinden en instrumenten van economisch beleid" in B. de Gaay Fortman (ed) **Economie en waarde** Samsom Uitgeverij, Alphen aan den Rijn/Brussel 1982, published proceedings of the Post-Keynesian Study Group with responses to his article by Jan Tinbergen and others.

That this technology has been developed is, in our view, nothing other than a valuable fruit of the ongoing development of creation - the same development from which the discovery of, for example, atomic energy emerged.⁵²

Regarding all fruits of the unfolding of creation, it holds true that evil arises only from the manner in which they are deployed and the purpose for which they are so used. Therefore, in forming our judgment concerning planning techniques, everything will depend on their use - that is, on the nature of the objectives and instruments chosen by the government.⁵³

Planning purposes.

Planning should never be allowed to function as a straightjacket, forcing the development of economic life in a direction for which can not naturally fit. Therefore, the chosen goals must all serve the real development of the lives of our entire people; it must involve a fair weighing of all interests as the basis for any such choice.

One of the purposes for which the above applies is, in my opinion, the purpose of combating major cyclical fluctuations. The cyclical movement gives rise to serious phenomena such as: mass unemployment, persistent price increases and an arbitrary “redistribution” of national income.

It therefore goes without saying that combating major economic fluctuations is indeed beneficial to the actual development of the lives of the nation’s entire populace. At the same time, it is certain that the business community cannot develop properly in an unfavourable cyclical situation. Indeed, a calm economic environment is a prerequisite for the harmonious development of business.

Finally, it should be noted that the business community itself is completely unable to counteract economic fluctuations on its own. By pursuing a strong economic policy, the government is therefore not pushing the business community out of place in any respect. That is why we can certainly accept planning that focuses on countering economic fluctuations, at least, in so far as this planning is taken up with the help of the right instruments.

Tools for planning.

When considering how a government should choose its “instruments”, a distinction must be made between those instruments that it already has at its disposal and those that it should further adopt in order to carry out its task.

⁵² **BCW Note:** Goudzwaard is here giving respect to scientific advances of statistical analysis and forecasting.

⁵³ **BCW Note:** This early statement of Bob Goudzwaard’s contribution to social policy includes a theme he would persistently develop about planning and his own critical view of “futures scenarios” in his writings. See his essay with Johan van Baars “*Norms for the International Economic Order*” in **Justice in the International Economic Order**, Proceedings of Second International Conference of Reformed Institutions for Christian Higher Education August 13-19, 1978 Calvin College, pp. 223-253; “*Grenzen van toekomst modellen*” *Economisch-Statistische Berichten* 19-11-1980 65e jrg p.1283, and the Appendix to **Kapitalisme en Vooruitgang** (1982) “*Future Models and the OECD Report ‘Facing the Future’*” pp. 301-314.

An example of the first category is the instrument of the ‘state budget’ (i.e. the planned relationship between expenditure, tax receipts and loans); an example of the second is the government’s control over the development of wages and private investment.

As far as the first category is concerned, the government must always keep in mind the limits set by the nature of these instruments. For example, it is unacceptable for the government to raise one tax and lower another at its own discretion for the sake of managing the business cycle. It must bear in mind that there is a legal balance to be weighed between the various taxes, and that it is unfair if the proportions between the various taxes (income-tax, corporate tax, wealth tax, etc.) would be randomly disrupted by each in turn.

A similar argument applies to the relative proportions of government expenditure.

As Anti-Revolutionaries we should prefer to use the instrument of government expenditure and taxation in such a way that does not undermine the mutual relationship between the various taxes and between various government expenditures. The balance should be established to embody the principle of distributive justice.

With regard to the appropriation by the government of new policy instruments, we would like to refer to what was noted above concerning the “Appropriation of Economic Control by Government”.⁵⁴ In accordance with what we stated there, the government should only assume economic control - which in our case means acquiring new economic policy instruments - when the business community, due to its typical economic point of view, is unable to use its authority in ways that are clearly necessary for the development of the lives of all our people.

Measured against this standard, it is clear that - apart from emergency situations - the government lacks any authority to, for example, make a general appropriation of control over the size and direction of private business investments. In cases where the business community is fundamentally deficient in its investment policy, so that government intervention is indeed required, our view is that a direct restriction of control will readily suffice. At least there is no question of an impossibility on the part of the business community to use its control in the correct manner. Therefore, with regard to the size and direction of private investments, there is no legal basis for appropriation of control by the government.

Something similar applies to wage determination; this, however, has already been discussed in quite some detail above.

⁵⁴ **BCW Note:** See Section 3 above pp.15-22.

Finally, with regard to both the choice of goals and the choice of instruments, the government must ensure that its subjects are treated fairly. We have previously expressed our opinion that in the event of manifestly unjust behavior on the part of the business community, a direct restriction of control is preferable.

In our opinion, the general conclusion regarding the use of the planning technique can be that such techniques can indeed render good service with regard to certain parts of economic policy (particularly strong in economic policy); but that in general, both as a result of the narrowness of permissible objectives, and as a consequence of the limited permissible uses of methods of indirect binding in relation to the other methods of government intervention, that only a limited place in public economic policy should be given to the use of the technique of socio-economic planning.

§ 6. Business Organization.⁵⁵

When Dr. Kuypcr first alluded to the idea of a public company⁵⁶ in the early 1870s, economic life was still almost entirely under the spell of capitalism. The competition between entrepreneurs had expanded far beyond its proper⁵⁷ limits. An unbridled competitive struggle characterized social life, where people did not hesitate to fight this battle on the backs of the economically weaker. The workers' families suffered from inhumanely long working hours, with very low wages that also included female and child labor.⁵⁸

How then did Dr. Kuypcr tackle this major "social issue"?

As twentieth-century anti-revolutionaries, we are quick to say that in such situations only major government intervention offers a solution. Dr. Kuypcr had a slightly different opinion about this. And the way in which he came to that opinion is indicative of his greatness.⁵⁹ He did not reject strong government intervention because he shunned it or because he did not consider the situation

⁵⁵ **BG ftn 8** It is of course not possible to deal with the problem of business organizations in public and private law in only a few pages. In the following, therefore, we must limit ourselves to a few general points of principle. For the practical side of business organization, we refer to the abundant literature in this field, and for the history, in particular to PAJM Steenkamp, *De gedachte der bedrijfsorganisatie in protestants-christelijke kring* (diss. Tilburg, 1951). Kok: Kampen, 1951. See also Herman Dooyeweerd's Review Article "Een Rooms-Katholieke visie op de Protestants-Christelijke denkbeelden inzake bedrijfsorganisatie en de recente discussies over de grenzen der overheidstaak." [A Roman Catholic appraisal of Protestant ideas about industrial democracy and recent discussions about the limits of the state's task.] *Antirevolutionaire Staatskunde* 22 (1952):65-79, 97-122.

⁵⁶ Dutch: *Bedrijfsorganisatie*

⁵⁷ Dutch: *gestelde grenzen*

⁵⁸ **BG ftn 9** The so-called Van Houten Act, which prohibited the wage work of children under the age of 12, was only introduced in 1873.

⁵⁹ Dutch: *grootheid*

serious enough. On the contrary, he considered the situation so serious that, in his opinion, government intervention would not provide a lasting solution.

Dr. Kuyper was convinced that the causes of this adverse social development could not be sought entirely in certain economic or technical factors, such as the progressive mechanization and rationalization in industry. As a student of Groen van Prinsterer, he recognized that the roots lay deeper, namely in the still prevailing principles⁶⁰ of the French Revolution. These principles had also penetrated the minds and hearts of the business-world and so an uninhibited individualism had developed in society. At this depth level, the actual causes of the abuses remained hidden, according to Dr. Kuyper's analysis, and so large-scale government intervention could not provide a lasting solution. An actual improvement could only be expected after a spiritual turnaround, after a change of attitude from within the business community. The error was just too deep for correction by government intervening 'mechanically' from the outside. Instead, an 'organic' form of economic planning for business was needed to form policies from the inside. Those at work in the business community had to be brought to realize that they needed each other, needing to learn that they had to rely on each other for their own flourishing - like cells in a living organism. This is the direct background of Kuyper's brilliant grasp of the idea of the business organization as a public company.⁶¹ He argued emphatically: that bringing entrepreneurs and workers together in distinct public bodies would be the only effective way to reshape the character of business in an organic way. In our time, Kuyper's doctrine of the organic character of 'the business'⁶² has been criticized. In itself, this criticism is not entirely unjustified. Historicism and romanticism were at the cradle of the godfather of "organism theory". Moreover, the doctrine of the organic character of business can lead to the dangerous misconception that individual enterprises are no more than independent "cells" of a larger whole, from which they must receive their "assigned tasks".

However, this does not alter the fact that this idea of the "company as an organism"⁶³ has been a fascinating contemporary expression of the anti-

⁶⁰ Dutch: *in de nog heersende beginselen*

⁶¹ **BCW Note:** I have expanded the text at this point to include the phrase "public company" to the sentence that reads: *Dit nu is de directe achtergrond van Kuyper's geniale greep naar de idee der bedrijfsorganisatie.*

⁶² Dutch: *'het bedrijf'*
BCW Note: The ambiguity here is that it is not simply the public company that is an 'organization'. The 'private' company is also organized. And so as brilliant as the insight might be, Goudzwaard here aims to give a clear account within the ambiguous inheritance from "organism theory's godfather" i.e. Kuyper.

⁶³ **BCW Note:** The Dutch here reads: *deze idee van het "bedrijf" als organisme ...*. I have widened inclusion of the quote marks to note the metaphor that is being appealed to here. It is not merely "public companies" that should be viewed as "organic". Public companies have emerged with their own peculiar contribution to the "economy" and hence to the just ordering of business and economic affairs, a development that has clarified the State's task to ensure economic public justice in the context of a capitalist market.

revolutionary principle! One term, as it were, summarizes the entire anti-revolutionary resistance to the French Revolutionary movement, both in its individualistic as much as its collectivist variants.⁶⁴ This idea opposes the individualistic variant - which teaches that autonomous man has the right to do as he pleases in business. Its opposition is focused upon the business as a community of co-operative inter-dependence, as with the cells in a living organism. And against the collectivist variant - which teaches that the autonomous state has the right to do with the business community what it wishes - the anti-revolutionary view of the “company” argues that business should be prepared to submit itself only to those bonds by which the business community - according to its own “organic” nature - is designed.⁶⁵

Collective labor agreements and business organizations.

The development of social and economic life between the two world wars has essentially confirmed the correctness of Dr. Kuyper’s views. The “social issue” in the Netherlands was not primarily resolved by the government, but by the business community itself, which gradually showed a better attitude.

The way to this change of attitude has been paved by the advent of the so-called collective labor agreements (C.A.O). This brought together the representatives of employees and employers at one table, where wages and working conditions were determined by mutual agreement. During these consultations, both employers and employees could come to a realisation that their interests did not need to be in conflict with each other in all respects, and could sometimes run parallel. For example, the fact that wages and employment conditions could gradually be eliminated as an object of competition through collective labor agreements was not only of benefit for the employees but also important for employers.⁶⁶

The government recognized the enormous significance of this development. In 1937, law was passed declaring which collective labor agreements were binding and which were non-binding, which then made it possible for the

⁶⁴ **BCW Note:** We cannot help but remember how Kuyper also referred to the church as both institution and as organism. This distinction is prominent in the sociological theorising of Ferdinand Tönnies most notably in the attribution of social institutions being structured as either *Gesellschaft* or *Gemeinschaft*. The distinction also has its echo in the work of Emile Durkheim with the distinction between mechanical and organic solidarity.,

⁶⁵ **BCW Note:** Goudzwaard’s explanation is also a case study in the application of his social-historical principle of “disclosure”, associated with his mentor Mekkes, that not only helps us understand the challenge of anti-revolutionary thinking to the ARP but also suggesting there has been an anti-revolutionary contribution to Dutch understanding of the ‘public company’, a necessary public-legal development to ensure the just ordering of the economy, and some distinct characteristics of Dutch public-legal contribution to a corporatist understanding of political-economy. Goudzwaard is discussing the background of the so-called the ‘polder’ pact between capital, labor and the state based on a recognition of different industrial sectors that are then each regulated in ways that require co-operation between businesses in the same field of production. See next section: C-A.O. and Business Organization. See also Sander Griffioen **Facing the New Corporatism** CLAC 1981

⁶⁶ **BCW Note:** What Goudzwaard is wrestling with here is as a teller of the “ARP story” that indicates participation in this development because it was foreshadowed by Kuyper’s “organism theory”.

government to make the provisions of the collective labor agreement mandatory for an entire industry.

The fact that in some industries between the two world wars a legal private business organization could be established (such as in field of book printing) could also directly be possible thanks this to the introduction of this provision for collective labor agreements. As much in the formal as well as the material respects, the collective labour agreement was the mother of these corporate bodies. It was formally so because the establishment of these bodies in the collective labour agreement was recorded; it was material, because the willingness to establish this was the fruit of a willingness to cooperate, which gradually developed through the negotiations that brought these about.

In the anti-revolutionary side of politics, collective labor agreements, collective business agreements and private law business organization have always been unanimously appreciated as forms of voluntary cooperation. In Kuyper's line⁶⁷, this was and is regarded by all anti-revolutionaries as an indisputable expression of the principle of sphere sovereignty for public enterprise and/or business. It is also a valuable contribution in the struggle against the individualistic pattern of social life that, for such a long time, has determined the shape of our society.

Introducing the idea of public law business organization.

In the years 1908-1910 there was a decided change in Dr. Kuyper's thinking with respect to the organization of business.⁶⁸ Until that time he had seen the government's task as limited to stimulating and empowering a business organization emerging from within the business community itself. In 1909, however, he emphatically states that if the business community appears not to be able to create such an organization, then the government itself will have to take the first step. This is the step which must provide the business community with a legal framework within which the business community can then develop further as an "organism" from its own initiative. However, he attaches two conditions to this proposal.

⁶⁷ **BCW Note:** The phrase "In Kuyper's lijn" is salient in that C. Veenhof wrote an important pamphlet under that title which explained that the philosophy of Herman Dooyeweerd was consistent with the basic outlook of "sovereiniteit in eigen kring." C. Veenhof **In Kuyper's Lijn** Uitgave Oosterbaan & Le Cointre N.V., Goes 1939. Dooyeweerd's social philosophy provides a further philosophical and juristic justification for such development not only of economic enterprises but also of public and private law. See ftn 55 above.

⁶⁸ Dutch: *bedrijfsorganisatie*
BCW Note: Once again what we are reading here is the development of Dutch business and labor law, and that development was stimulated by Anti-Revolutionary Party policy, moving on from the inheritance of "laissez faire" economics in which the business organization is automatically viewed in law as a private business enterprise i.e. having adapted itself to the idea that business and economics should be viewed as a law unto itself.

In the first place, he sees the authority of these public law bodies to be created in this way apparently limited to the so-called “social” issues (the regulation of apprenticeships, working hours, holidays, etc.).⁶⁹

Secondly, in his parliamentary speech of 1910, he urged the observance of personal freedom, among other things by urging the government to reserve to itself the right to annul arrangements agreed upon by the corporate bodies.⁷⁰

Exchange of ideas in anti-revolutionary⁷¹ circles.

In the forty years between this introduction of the idea of the Public Law Business Organization (PBO⁷²) and its final legal arrangement have expired, there has been extensive discussion in anti-revolutionary circles about the pros and cons of this idea. Can a business organization that receives its powers directly from the hands of the government still be seen as a genuine *business-organization*? That was the question that, over time, was to become central. Two views subsequently emerged.

The first view - as found particularly in the deliberations of the Christian National Trade Union - answered the question in the affirmative. The granting of public-law powers to company bodies was seen here as a highly desirable configuration⁷³ of industry, which would enable it to organize itself completely according to its own distinctive laws and thus demonstrate itself as a community sovereign within its own sphere. According to the proponents of this view, the conferring of corporate bodies with authority from the government did not necessarily mean that these bodies would have acted as typical corporate bodies. Any “degeneration” of public corporate bodies into organs of government was seen as a matter that depended entirely on the manner in which the statutory regulations of the public law company organization would be established.

⁶⁹ **BG ftn. 10** Cf. Dr. P. Steenkamp. Op. cit., p. 48.

⁷⁰ **BG ftn. 11** Proceedings of the Second Chamber, 1910/11, ftn.1, p. 490.

⁷¹ **BCW Note:** The qualifier “anti-revolutionary” is regularly rendered in small capitals, suggesting the view that authentic “anti-revolutionary” policy is not defined by having arising from within the ARParty.

⁷² **BCW Note:** Public Law Business Organizations (PBOs) are self-regulatory organizations for specific economic sectors. The debate within the ARP is raised in Marcel E Verburg **Herman Dooyeweerd: the life and workload of a Christian philosopher** Paideia Press 2015 pp. 378-380. The dissertation of PAJM Steenkamp *op cit* (see ftn. 55) was part of an internal party deliberation concerning the anti-revolutionary view, and it was stimulated from critical reflection with the Roman Catholic scholars and presumably the Catholic People’s Party (KVP). It is an issue dealt with perceptively and at some length in a section “State and Economy” in Jonathan Chaplin **Herman Dooyeweerd: Christian Philosopher of State and Civil Society** University of Notre Dame Press 2011 pp.254-270 and particularly from p.258. Chaplin notes that Dooyeweerd’s attitude to worker participation in the enterprise had changed markedly by the mid-1970s: but “*continues to make membership in the business community conditional on ownership of the capital. By contrast, Goudzwaard, who also favors the model of a producer cooperative, holds that workers are entitled to codetermination rights even in the absence of share ownership, simply by virtue of their own indispensable contribution of labor. Such a view arguably reflects a more compelling conception of business enterprises as genuine producer communities.*”

⁷³ Dutch: *bewerktuiging* - realization, manipulation

Prof. Dooyeweerd was one of those, who thought differently about this. He was of the opinion that the mere fact of granting powers under public law gives a company body the character of a government body.⁷⁴ In his view, the granting of public powers to corporate bodies could therefore never be characterised as an action by the business community itself. This is because industry does not set its own legal rules that requires such a body granted public law. For these rules are issued by what is a public body.

The significance of this exchange of ideas has sometimes been downplayed by the suggestion that the difference is no more than theoretical.

Now it must be conceded that the debate, such as that between Prof. Dooyeweerd on the one hand and the leaders of the C.N.V on the other, often dealt with fairly abstract matters, such as the question of whether or not industry should be viewed as by nature a community. It is also correct that Prof. Dooyeweerd has never suggested as a consequence of his position that the public legal business organization had to be completely abandoned. As is well known, he has stated several times that the PBO. was also, in his opinion, necessary and desirable.

But even so, this difference of approach between the C.N.V. and Prof. Dooyeweerd and his supporters to the PBO did indeed have practical consequences. The followers of the Christian social movement felt this criticism as a severe blow to their enthusiasm. What they desired was that by the granting of certain powers, the business community, would be enabled to develop entirely according to its own (organic community) nature. Now they had to hear that their efforts amounted to little more than a kind of expansion of the government's (decentralized) authority over business.

Their disappointment was comparable to that of King Midas. who saw all the food he brought to his mouth, merely at his glance, turn into boring gold.⁷⁵ And indeed, according to Prof. Dooyeweerd, the corporate body, which receives the coveted public law authority, changed at the same time into a government body.

Is a mutual complementary view of outlooks possible?

As we now look back on that discussion, some fifteen years later, the question arises whether the two views mentioned here - between which there is clearly an undoubted difference - do not partially complement each other.

If both sides were to recognize that an element of truth is hidden in the other's view, this could lead to a joint endorsement of what Article 17 says regarding the PBO:

⁷⁴ Dutch: *het karakter van een overheidsorgaan verkrijgt.*

⁷⁵ **BCW Note:** Goudzwaard here shows skill in rhetorical terms since King Midas did not realise that his ability to turn everything into gold at his touch was a curse.

The legislator allows the business community to regulate its own affairs in public law bodies, but also guarantees that the Government has sufficient resources to prevent behavior by the business community that is contrary to the public interest.

A possible addition to the position of Prof. Dooyeweerd.

From the point of view of the followers of the Philosophy of the Law Idea, it could possibly be recognized (and has indeed already been recognized as far as one of them is concerned⁷⁶) that the characterization of the public law body as a government body does not necessarily mean that - within the limits of the general interest - the PBO. could not assist in the promotion of specific *industry interests*.⁷⁷).

For the business representatives elected to these bodies, this recognition would amount to this, that through these bodies they have indeed been given the opportunity to regulate their own affairs (namely those of the industrial community) even if they have to do so as persons charged to be aware in all their PBO dealings, that they are vested with *government power*.

This “recognition” seems possible to us for two reasons:

1. As far as we can see at this time, there is a difference between the statement that certain actions may not conflict with the general interest and the statement of what the general interest requires. The second statement draws a narrower line than the first. In our opinion it is now possible and sufficient if the government only imposes the first condition when granting government power to corporate bodies, i.e. that the actions of the public law bodies may not conflict with the general interest.⁷⁸ While this condition maintains the certainty that the public law body will not use the government power allocated to it in an unacceptable manner, it nevertheless creates a certain “leeway” for the body to grant “space” to the business community to arrange its the specific affairs as it deems appropriate.
2. The possibility of declaring collective bargaining and entrepreneurial agreements binding has always been supported by Prof. Dooyeweerd. However, it has already been pointed out from some quarters that the standards set out in the current legal regulations of the PBO apply to the supervision of public law bodies, and so do not differ essentially from those

⁷⁶ **BG ftn 12** See the article by Mr. K. Groen, “Van Birkhoven tot Binnenhof 4”, in the PBO. issue of *Anti-Revolutionaire Staatskunde*, January 1969, p. 25. A similar position has been taken by Dr. W. P. Berghuis in his speech *Issues of Today and Tomorrow*, October 1959, pp. 17-18.

⁷⁷ **BG ftn 13** The word “industry” is used here in a broad sense; For convenience, we also include the so-called ‘business column’ below.
BCW Note: The **supply chain** is the name for the successive steps (participants or links in the production process) that a **product** goes through before it reaches the customer, the consumer. ‘Business column’ refers to the successive phases that a product goes through on its way from original producer to retailer. The consumer is not part of the business chain.

⁷⁸ **BG ftn.14** For what this condition requires for this specific case; see the rest of this text.

that are normally already applied by the government when confirming binding agreements.⁷⁹ In other words: in practice, the public law business organization appears to be approaching a form of automatic binding of agreements at an industry level. Moreover, where regulations sanctioned by punishment are concerned, this automatic declaration is always subject to preventive oversight by the central government. The difference between regulations of public law business bodies on the one hand, and employment and business agreements declared binding on the other hand, will appear therefore in practice - also in view of the composition of the public law bodies - to hardly give rise to a different course of events.

**A desirable correction to the position of the Christian
National Trade Union.⁸⁰**

The correction that seems desirable in the CNV position concerns the meaning that should be ascribed to the clause - also endorsed by the CNV - that the regulations of public law bodies should not conflict with the “general interest”.

We noted earlier that the directors of public law bodies can indeed be regarded as representatives of the business community, but as representatives who are vested with government powers. This means that in exercising their authority they must be aware of the limits placed on government authority. Or, to put it more concretely: the directors of every public law body will have to demonstrate in their exercise of authority that they regard the companies that make up their industry as sovereign within their own sphere.

Neither the government nor a public law body has the right to present itself as an authority which would subordinate individual companies.

The interests of the industry should only be represented by public law bodies to the extent that this is consistent with respect for the mandate within the company's own sphere.⁸¹

It will be objected here that this condition goes certainly too far. The position of the CNV has always been that the PBO is an expression of sovereignty within its own sphere of industrial life.⁸² However, the condition stated here means that the sovereignty within the industrial community must also be maintained with respect to the public law body. Acceptance of this condition would therefore mean a significant change in the original position.

⁷⁹ **BG ftn 15** Cf. Mr Balkestein in *The Economist* of 9 Sept. '57 quoted from Mr. K. Groen, *op.cit.* p. 26.

⁸⁰ **BCW Note:** CNV: *Christelijk Nationaal Vakverbond*. Christian National Trade Union Federation.

⁸¹ **BG ftn 16** This idea is not new in anti-revolutionary circles. As early as 1903(!), in his **Vakorganisatie naar christelijke beginselen** (Trade Union Organization Based on Christian Principles), Rev. Sikkels argued that a 'trade union' must not arrogate to itself power over - or within - 'individual business enterprises.'

⁸² Dutch: *bedrijfsleven*

Why is it nevertheless necessary to insist on this correction? It can perhaps best be illustrated with an example.

These days we experience a rise the number of consumer organisations. Among consumers, there is clearly a growing realisation that, in many circumstances, they would do well to take the same line when buying consumer goods as the producers have done.⁸³ In other words, a kind of sense of solidarity among consumers is gradually emerging, a certain sense of “community” is developing among them.

Suppose that the conclusion be drawn among consumers that this growing “community” should be enabled to issue its own legal rules, and that for that reason public law powers should be granted to the existing consumer organizations. The organisations could, for example, be given the right to prescribe a common line of conduct for all consumers when making purchases.

To ward off government influence, this new public consumer body (i.e PCO) should therefore be composed solely of private consumer representatives.

It will not meet with much opposition when we say of this imagined construction that the absence of any direct government influence here is no guarantee against the encroachment upon the sphere sovereignty of the consumer-families. But this therefore implies that the family’s own sovereignty maintains itself against the public-law consumer body, even if it is composed entirely of consumer representatives and free from any direct government interference.

Now we are the first to admit that this example is partly flawed. Consumers and “industrial companies” should not be compared with each other in this simplistic way. But it is clear from this example that the method of composition of a public law body - for example a composition consisting solely of representatives of the private group(s) involved, without any direct government influence - can never in itself provide a sufficient reason to allow the body to freely concern itself with the affairs of those represented in the body.

As far as this point is concerned, there is no difference whatsoever between a consumer body governed by public law and a corporate body governed by public law. Just as the sphere sovereignty of the “consumer members” is maintained vis-à-vis the public law consumer body, the sphere sovereignty of the “industry members” is maintained vis-à-vis the public law corporate body. The public-law corporate body may only issue binding rules that do not affect the individual vocations exercised in the various companies, but rather support and support them in a positive sense.

⁸³ **BCW Note:** i.e. with the formation of a PBO, and thus seek to bind themselves and their consumption requirements to government in a similar configuration.

The future.

If what is outlined above could also be endorsed by those anti-revolutionaries who are the mainstay of the CNV, then, in our opinion, such sharing will represent an important gain with a view to the future. After all, it is not unlikely that the corporatist idea will once again gain significant momentum, and that - across a wide range of fields - there will be calls to establish public-law bodies: from education to broadcasting, the arts, sports, and hence with the way our consumer spending is allocated.

The first symptoms of this development are already apparent. This means that we must face the possibility of a development whereby our entire lives are gradually encapsulated on all sides into corporate “communities”; in which our entire culture and life patterns are mapped out for us democratically by numerous bodies, that are set up supposedly by ourselves and for ourselves. Anyone who does not recognize that the sphere sovereignty within social groups and the relations must be maintained vis-à-vis every public body, however established, does not have a sufficient principled defense against such a development. This defense is only sufficient if it is assumed that the powers of every public law body are bound by the same limits by which government power in general is bound - namely respect for the vocation and responsibility of its subjects. It will then have to be agreed that every public law body should have only one task: to serve and support in a just manner the independent vocation that all participants have to fulfill in their own circles.

Final note.

Finally, a brief comment regarding the method of application of the public law business organization.

At the beginning of this section it was pointed out that Dr. Kuyper preferred to view the public law business organization as the possible final step in what needed to grow in cooperation and a sense of solidarity within the business community itself. We find this idea reflected in the formulation of our program of principles. Article 17 does not point in the direction of imposing public law corporate bodies on the business community, but only in the direction of leaving room for the business community.

The legislator leaves room for the business community to arrange its own affairs in public law bodies.

In other words, the legislator must ensure that the business community has the opportunity, if it so wishes, to regulate its own affairs through a public law body. For its own part, the government must remove all obstacles that could stand in the way of the voluntary establishment of public law business bodies. It may even promote such a development, provided the choice to make use of the space created by the government is always left to the business community itself.

B. GOVERNMENT AND ECONOMIC POLICY.

In contrast to the first part of Article 17, which raised a fairly general issue - namely the proper relationship between government and business - the second part of Article 17 focuses mainly on a number of special issues situated in the field of practical economic policy. The transition between this general and this special part of Article 17 is not sharp, but smooth. In fact, the statement about the business organization functions as a transition phase.

The subject of the organization of business can be classified as part of the general issue of the government-business relationship (after all, the PBO is a mixed form between these two) and with the more concrete and special policy questions that are now to be discussed in this the second part.

The two parts of Article 17 naturally form a unity. When in the second part it is urged that the “*Government shall promote the utilisation and development of all resources of the national economy*” as well as “*the creation of the fullest possible employment*”, with both undertaken with “*taking into account a balanced development of our country*”, then we are dealing with a statement that should only be approached in the spirit of what we have noted in the first part of Article 17.

What was argued there about the relationship between government and business finds its practical implementation here. It is not necessary to repeat here in detail what has already been said above about the relationship between government and business. However, an exception must be made for one point, since it forms the backbone, no less, of the entire second part of Article 17.

We refer here to §1 as “*the first side of the government task with regard to business*”: namely the government’s obligation to rule for the benefit of the business community itself.

That duty means, as we have seen, that the government must, in its own way - that is: from the point of view of justice, bound to respect the vocations of its subjects - so promote business and economic life that they may in their own way achieve the greatest possible flourishing and development.

Hence, the words just quoted from the second part of Article 17 should also be understood in this context. The government’s concern for the most balanced possible development of economic life, which is a development that involves all personnel and material productive forces. This is thereby advocated, and results directly from the government’s duty to support those working in the business community in the active fulfillment of their Divine calling.

Economic structure and business cycles.

The second part of Article 17, as mentioned, advocates active government care for balanced economic development. But what are we to understand by the phrase “*balanced economic development*”?

It makes sense from the outset to distinguish the structural from the cyclical aspect of economic development. The economic balance we refer to may suffer disturbances in both structural and cyclical terms.

Structural disturbances occur when certain imbalances of a non-transitory nature begin to reveal themselves in our economic life over the long term: there may be imbalances between the various production factors (e.g. a chronic shortage of capital or a shortage of particular raw materials), between the various economic sectors (e.g. an ongoing crisis befalls agriculture) or between the different parts of the country (where certain parts of the country “lag behind” in economic development).

Cyclical disruptions occur when, from time to time, our economic life in all its sectors is subject to more or less violent transient fluctuations, causing temporary widespread unemployment or, for example, persistent price changes.

Obviously this distinction between the structural and cyclical aspects of economic development can also be applied to the government policy that is being pursued to ensure that development.

First, we will consider the government’s concern for balanced development given cyclical disturbances (§1: Cyclical policy), then we will consider the government’s concern for structurally balanced development. (§2 to §5: Structural policy).

§ 1. Cyclical policy.

One of the most remarkable developments in the economic sphere after the Second World War is this: until today (1963) the business cycle movement takes place in a completely different way than was the case before the Second World War. Before the war, one could clearly detect a more or less regular wave movement, each wave having a duration of 8 to 11 years.

After the war, the business cycle has become much more irregular: insofar as any regularity can still be detected, it points to waves with a duration of 4 to 6 years rather than those with a duration of 8 to 11 years. And as for the character of these waves themselves: before the war, the cyclical upward movement started at a time of high unemployment and rose to the level of full employment; now it starts at a situation of almost full employment and rises to a situation that the British and Americans call “over-employment”, a general overstrain of the labour market, in which demand for labour far exceeds supply.

The cyclical downturn has also changed in character: it is apparently no longer accompanied by sharp falls in prices and employment.

This change in the economic picture is of course of particular importance for combating economic fluctuations. It is worthwhile to take a closer look at the possible causes of this change.

The cyclical movement as a game between supply and demand.

Simply put, the cyclical phenomenon is a consequence of the fact that in our economy the total supply of produced goods does not always correspond to the total (purchasing power) demand for these goods. When the supply of goods continuously exceeds demand, prices fall and entrepreneurs reduce production: then we have an economic downturn. When, on the other hand, demand always turns out to be higher than supply, that is when people increasingly want to buy more goods than have been produced, prices increase and there is an expansion of production; then there is an economic upturn.

The movement in the business cyclical therefore arises because the demand and supply of goods in the overall picture of our economic life together play tricks on each other and appear to pull each other up and down alternately.

So much for the general picture, which went from a to z in the pre-war period. Periods, in which demand was higher or lower than total supply, regularly alternated back then. In the post-war period, however, this picture shifts. A characteristic of the business cycle is that demand tends to exceed supply almost permanently.

If this tendency is great, i.e. if total demand far exceeds supply, then we live in a time of overspending. A bending of the total demand line back to the total supply line is then necessary. If this happens naturally, we speak of a time of relaxation, of consolidation, or, if the setback is worse, of stagnation. If, on the other hand, this bending of the demand curve is forced, we call it a spending restriction.

On the one hand over-spending on the one hand and on the other spending restrictions (or relaxation): that is the normal pattern of current economic movements. It remains a cyclical movement: because it is caused by fluctuations in total demand and total supply. But it is a cyclical movement, characterized by a permanently increased level of demand compared to supply.

The two most important features of our economic development after 1945, namely: the permanently high level of employment and the almost permanent increase in our level of prices (also called “inflation creep”) can both be reduced to this permanent excess of demand.

For where demand constantly exceeds supply, firstly the price level experiences a continuous increase, and secondly there is always sufficient

demand to meet the supply of manufactured goods - and thus the total employment.

Combating the post-war economic downturn.

All this means that the government must work on two different fronts in combating the post-war economic trend. Firstly, on the front of fluctuations, the uneven movements of aggregate demand and aggregate supply. These fluctuations must be dampened as much as possible. This is an “old” front: even in the pre-war period this was a battle the government had to fight. However, another front has emerged: that of the continuing structural surplus of total demand over total supply. This is the front from which the threats come from permanent creeping inflation and virtually uninterrupted labor market overstrain. The government will only be able to achieve anything on this front if it succeeds in partially bridging the ongoing gap between national economic demand and national economic supply.

The government’s position varies on these two fronts. It can be said of the situation on the first front that the government can achieve a lot through good management - through its budgetary, loan, tax and monetary policy - but on the second front it is considerably more defenseless. This difference is related to the different origins of these two fronts. Whereas the first front came into being mainly as a result of certain factors of a *financial* (monetary) nature⁸⁴ - so that on this front the government can also fight with financial (monetary) means - the causes of the second front lie more on the *structural* plane, notably on the plane of the social structure and construction of our society.

The “Organizational Revolution”.

Here we encounter the phenomenon of the so-called organizational revolution. This term indicates that the bearers of the various economic interests - such as, for example, the employers and the workers - have, in our century, increasingly organized themselves in large, influential interest groups and continue on to organize themselves further.

On the wage front, this “Organizational Revolution” has resulted, among other things, in a shift in the location of wage negotiations. In the past, negotiations on wages and employment conditions were widely distributed, notably between individual entrepreneurs and individual employees, consultation is now conducted at a central location between the organizations of both sides.

⁸⁴ **BG Ftn 17** These are all parts of the so-called ‘financial policy’ of the government, on which Article 18 of the program of principles explains in more detail. We will therefore not discuss these aspects further here.
BCW Note: Article 18 Financial Policy is the next section in the book and is written by G.A. Kieft. pp. 316-345.

This ‘centralization’ of wage negotiations is one of the main causes of the structural excess demand in our post-war society. The remarkable fact arises that an individual entrepreneur behaves differently towards high wage demands than do all entrepreneurs collectively. While an individual entrepreneur benefits economically from the absence of significant wage increases, the entirety of all entrepreneurs often benefit from the realization of these wage increases. After all, when all workers earn high wages, they are also able to spend more. Higher wages therefore mean joint benefits for all entrepreneurs with greater sales opportunities for their own products. The advantage of increased sales is so great that it sometimes exceeds the disadvantage of higher labor costs.

As a result of the “Organizational Revolution”, the economic interests of employers and employees have therefore become significantly more aligned than before, and employers’ resistance to wage demands has lost significant strength. This resulted in significantly larger wage increases in the post-war period than was thought possible under pre-war conditions.

Larger wage increases increase the demand for goods and services in our society. They continuously push the national economic demand above the level of the national economic supply. The Organizational Revolution, which made these additional wage increases possible, is one of the main causes of the post-war structural demand surplus.

Wages policy.

Given the fact that the government is neither able nor competent to reverse the processes of the “Organizational Revolution” to what it was in its initial stages, it will be clear that a certain interference by the government in wage formation in our contemporary society can no longer be avoided. A government that leaves wage formation completely free and does not want to know any limits for (the national average of) wage increases, gives the business community a license to plunge itself, and our people as a whole, into extremely dangerous economic adventures, in which significant price increases are inevitable. It is the duty of employees and employers in their organizations to contribute to the well-being of the entire people. If, in their mutual consultation, they do not adhere to what befits themselves in relation to the entire Dutch people - therefore including the forgotten groups - and proceed to agree on significantly larger wage increases than is acceptable in productivity terms (i.e. the development of the present national economy), the government has the undeniable right to impose restrictions on them in the exercise of this control.⁸⁵

⁸⁵ **BG Ftn 18** This is directly in line with what was noted in paragraph 4 of the first part about the “limitation of economic control” pp. 22-25.

A fair “monitoring” of wage setting by the government can contribute much to limiting the great evil of inflation to more harmless proportions.⁸⁶

§ 2. Structural policy according to Anti-Revolutionary principles

Economic structural policy is one of the most controversial topics in all government policy. And that is certainly not surprising. This is because pursuit of a structural policy means: creating the conditions for the overall future development of economic life; it involves forming the river bed upon which the flow of economic life must flow henceforth. In other words, something about the vision of the future that one holds is always revealed in structural politics. And we well know that there are few things as controversial as a vision of the future.

Some political movements even go so far as to directly subordinate their entire economic structural policy to their own ideal of the future. They then demand that the government distort the framework for future economic life in such a way that the economic flow is completely forced in the direction of “their” future society. Their own progress-idea is then expressed in an undisguised manner in the economic structure policy they advocate.

There are anti-revolutionaries who see this as a reason to reject any preconceived economic structural policy. They are not wrong to draw attention to the dangers: how easily can one end up in a situation through economic structural policy in which the government bends the entirety of the future of the economic dimension⁸⁷ to its own will, and so the river of economic will force life into directions for which it is not designed! That is why they take the position; for them it is better to have no structural policy than a structural policy in which the government runs the risk of interfering with the given vocation of its subjects who are working in the business community.

At first glance, this seems to be a quite acceptable attitude. Yet it is not. Consider what would result by the omission of a clearly formulated structural policy? Simply omitting a clearly formulated structural policy does not mean preventing any interference with the vocation of subjects within the nation.

We need only refer here to the list given a few pages back of the structural disorders that can arise in economic development when a government allows such disturbances to develop and spread undisturbed. Then it is contributing just as much to the intersection of the given vocation of its subjects as would a

⁸⁶ **BG ftn 19** In addition to the above-mentioned factor of the centralization of wage negotiations - a factor whose inflationary influence in our country is dampened by the “open” character of our economy - there is also the inflation-promoting factor of foreign wages - and price increases (the so-called “import” of inflation from abroad). However, there is no solution to this at a domestic political level when maintaining a fixed exchange rate for the guilder. This includes, among other things: that in such a situation domestic wage policy can (and may) only provide a partial counterbalance to inflationary trends.

⁸⁷ Dutch: *de gehele toekomstige economische wijze*

government that seeks to serve the future development of economic life by a domination that conforms every corner of social life to its all-encompassing ideal of the future.

We can also approach this same issue in a more positive way. We can agree with those who believe they must reject any conscious structural policy because government must respect the given vocation of its citizens; yes indeed. That means that it has to act with a recognition that it is not firstly itself, but its subjects who have the right to develop economic life according to their own inclinations. But to recognize this⁸⁸ does not have to necessarily lead to a rejection of any economic structural policy. On the contrary: it is precisely the full recognition of this given calling and this given right of the subjects that will force the government to implement a certain, well-defined structural policy. Because a government that fully respects the vocation of its subjects will not only - passively - abstain from all actions that conflict with its given vocation, but will also - actively - take on in its own way all measures that serve this vocation. Therefore it will contribute to the concrete development of society. Such a government will make great efforts to provide for persons and associations who are active in economic life with all the (public) conditions they need to further flourish and develop economic life through their independent activities.

It is therefore incorrect to take the position, on the basis of the government's respect for the given vocation of its citizens, that the government should renounce any preconceived structural policy. Those who speak like may not be falling into the mistake of paying too much attention to their own calling, but rather their is to pay too little attention to what is involved.

The principles for an Anti-Revolutionary structural policy.

In fact, this already indicates the principles for an anti-revolutionary structural policy. Such a policy will have to be based on the positive recognition of the given vocation of those who participate in economic life - a vocation that includes the right to develop economic life according to its own nature.⁸⁹

⁸⁸ **BCW Note:** i.e. the specific way (Dutch *wijze*) in which Government is involved economic development

⁸⁹ **BG fn 20** In passing, we note that this simultaneously indicates how the anti-revolutionary progress idea distinguishes itself from that of other political movements. The anti-revolutionary progress idea must be defined as the development of all spheres of life and all social circles according to their own nature, by means of the independent fulfillment of the subjects' vocations. Therefore, it is not the government, but society itself that ought to bring about socio-economic progress. The task of the government is primarily limited by, for its part, helping to "make" this independent progress possible, for its part. In Article 17, this is expressed, among other things, in the fact that it does not speak of the desirability that the government create as full an employment as possible, but of the desirability that it promote the creation of this employment. ("*The Government promotes ... the creation of the fullest possible employment*".)

BCW Note: Here, in a nutshell, is the rationale for Goudzwaard's magnum opus **Kapitalisme en vooruitgang**, the first edition of which was published in 1976.

In our opinion, an anti-revolutionary structural policy can best be characterized as a policy in which the government, in its own way, creates the framework within which, a spontaneous and harmonious flourishing of economic life, according to its own law of life, can be achieved through the independent activities conducted in the distinctive⁹⁰ social spheres.

This framework-creating task of the government appears to be divided into three parts.

First of all, it is the duty of the government to create the framework, friendly to business, for a strong and balanced growth in production. The formation of this framework is necessary both for the proper future functioning of private⁹¹ companies as well ensuring our people in the various spheres of life of a future with a sufficient supply of goods with a sufficient level of employment.

Secondly, it is the government's duty to provide this framework for the future maintenance and establishing of ongoing healthy competitive relations. Without healthy competition, economic life becomes impoverished and no longer dynamically adapts to the real needs of society.

Thirdly, the government has to create this framework for a good make-up of private production. The production apparatus should be geared to producing those goods and services that are actually required for the people's development.

In general, it can be said that without the creation of this threefold framework - for strong and balanced growth of private production, of healthy competitive conditions and a framework for production's good makeup - there is every likelihood in future that those participating in economic life will be seriously if not permanently prevented from fulfilling their own vocations. The functioning of economic life in a harmonious way, according to its given nature will, in all likelihood, simply not be possible.

In its own way.

The Anti-Revolutionary structural policy has just been described as a policy in which the government shapes the framework for good harmonious economic development in its own way. To add these four words - in its own way - places a significant limit on the government's tasks in this area.

First of all, there is a quantitative limit. The government will only create the framework for future economic development to the extent that this is justified

⁹⁰ Dutch: *particuliere samenlevingskring*

BCW Note: It would be worthwhile to have a study that explains the ARP view of "*particuliere*" that is often translated "private" to relate it to the liberal concept of the freedom of private enterprise. Has not the anti-revolutionary view by reference to sphere sovereignty put the emphasis upon the "distinctive integrity" of an endeavour rather than its "non-public" character?

⁹¹ Dutch: *der particuliere bedrijven*

from the point of view of justice in relation to the sacrifices that have to be made. It is unacceptable, for example, that in order to improve the growth potential of private production it so spends such large sums of money on numerous public facilities that taxpayers are brought to the brink of poverty. It will always have to weigh accurately and fairly between, on the one hand, the interests of those who benefit directly from the structural policy to be pursued and, on the other hand, the interests of those who have to bear the financial and other burdens from the pursuit of the structural policy.

In addition to this - and closely related to it - there is also a qualitative limit. The government will not be allowed to go so far in its framework-creating activities. that it erodes or undermines the sphere sovereignty of specific life connections and relationships. For example, the government may cherish the illusion that independent activities of free producers and free consumers will only lead to a harmonious development of economic life when a complete advertising ban is introduced in our society. It is clear, however, that a ban on all advertising constitutes a clear infringement of the sphere sovereignty principle; this is because this would indicate a clear misunderstanding of the independent value attached to civil rights (in this case: to the right of freedom of expression) across the entire human vocational performance.

With these two limits in mind, we will now try to indicate in the next three paragraphs how the above-mentioned three-part framework can be achieved by the government.

§ 3. Building the framework for a balanced growth of private production.

When creating the framework for spontaneous and balanced growth in business production, the government must develop special awareness of potential bottlenecks and/or disharmonies that may arise with this growth over the longer term. It will do this so that in time it can take the remedial measures necessary.

Deserving of our consideration are some of the main bottlenecks and disharmonies:

- those with regard to future capital supply;
- those concerned with future energy supply;
- those concerned with the availability of space;
- the disharmony with remaining parts of the country;
- the disharmony of lagging production sectors.

The first bottleneck: the capital supply.

The presence of sufficient capital for investments in sustainable quantities as a means of production is a basic condition for any economic development. The growth of our national production will be seriously delayed if a so-called “capital scarcity” prevails. A government that cares about the ups and downs of

economic life will therefore take timely precautions to ensure that the business community is not suddenly confronted with a major capital shortage. It will create the framework, the climate, within which private enterprises can always be assured of an adequate supply of capital, of savings.

The two most important forms of savings are the so-called “collective savings” and savings by companies. A few words about both.

“Collective savings” refers to the savings of private individuals through so-called “institutional investors”: life insurance companies, pension funds, etc. Many people no longer regard this form of saving as in any way saving: they consider paying premiums for pensions and life insurance as a normal consumer expense. However, the savings nature of these premium payments is unequivocally established.

From an economic point of view, the fact that collective savings have increased so strongly in recent decades is somewhat fortunate. Saving through institutional investors takes place much more regularly than saving in one’s own savings or bank account. One is obliged to pay fixed premiums at fixed times.

The cyclical fluctuations in our national savings have therefore become less pronounced. Viewed in the longer term, the large collective savings in our economy ensure the permanent presence of a hard core of capital supply, which has significantly reduced the risk of a major capital shortage in the future.

However, it must be borne in mind that for a steady growth of collective savings it is necessary that, as much as possible, inflationary pressures are kept under control. When large price increases occur from year to year, the enthusiasm for saving decreases, and this includes collective saving. An ample supply of capital in the future therefore requires, in the present, a monetary unit that is as stable in value as possible. The government must contribute as much as it can to create this framework. Good economic policy⁹² is therefore one of the best contributions to balanced structural development.

The second important form of savings is savings by companies. It is important to note that almost 100% of such savings must come from so-called “retained profits”, the profits that have not been distributed to shareholders. Damage to these retained earnings therefore also means harm to corporate savings, and therefore harm to the future supply of capital. This possible effect must be taken into account in wage determination and tax policy!

This shows something of the often “unpopular” character of an economic development policy. The importance of the future growth of our national production sets a clear limit on, among other things, the size of wage increases

⁹² **BCW Note:** i.e. fiscal policy

and reductions in working hours. A fair weighing of interests will often be necessary here.

A second bottleneck is the energy supply.

The next possible bottleneck lies in inadequate national energy supplies. It seems that shifts in availability, with far-reaching consequences, will occur in the near future. Coal loses ground to oil and natural gas and in a more distant future, oil and natural gas may in turn lose ground to atomic energy. At this time, atomic energy is still considerably more expensive than oil, natural gas or coal; but in the coming decades this situation may undergo a significant change.

Consideration of short-term development needs can easily play too great a role in national and international energy policy. Then there may be a desperate attempt to prevent the switch to other energy sources, for example by claiming a fixed share of the market for existing energy sources. When this doesn't work, resort may be made to constructing large-scale plundering in coal mining. Such initiatives may, for example, limit themselves to exclusive exploitation of the most readily available layers of coal, the result of which may be that other layers are permanently cut off from further mining. Given the importance of a lasting, regular and cheap energy supply for our economic life this, in most cases, is to be seriously regretted. There will undoubtedly continue to be an important need for older energy sources (coal, and at a later stage natural gas and oil). Policy should not be overly driven by momentary inspirations.⁹³

As mentioned, however, this should not mean that one artificially prevents the gradual replacement of one energy source by another source. Cutting off the business community from the cheapest energy sources will only do the business community a disservice in the long term.

The government will, within its power and to the extent that it can do so, ensure a regular energy supply for our business community. Where private initiative is unable to ensure this, it will have to take timely action to tap into new energy sources. This is particularly the case with atomic energy. The construction of nuclear power stations is in certain respects (general preparation and financing) beyond the powers of our business community. This is, of course, different with the exploitation of the natural gas found in our soil; for this, contracts to exploit - under government supervision - can be awarded to private companies without damage to our future energy supply.

Although the government may not prevent the gradual replacement of the use of one energy source by another, it will have to take timely precautions to ensure that this transition is not too painful for the interested employees and

⁹³ Dutch: *Men mag zich hier niet te veel op de ingevingen van het ogenblik laten drijven.*

BCW Note: The implication here is a quiet recognition that policy should not be driven by the profit motive.

entrepreneurs. In the social field, this includes preparations for change, and timely training for those involved, extending to how information is provided for those making career choices.

A third bottleneck: available space.

The Netherlands is a small country with a rapidly growing population. The shortage of space is increasingly noticeable, especially in the country's west. And anyone keeping their eyes open will know that, in future, this space shortage will increase significantly. Should current development continue at this rate, the major cities of the western Netherlands will grow into one global city with a large semi-inhabited "park" in the middle: the so-called green heart of the Randstad.⁹⁴ This will create enormous problems in social, economic and administrative terms.

It is a requirement of structural economic policy that the government already takes the necessary precautions so that this development does not lead to incalculable chaos. *Potentially, this is a most important future bottleneck.*

First of all, there is a shortage of space in terms of traffic. Our major cities already have to contend with significant traffic congestion, namely in the city centers and at the eventual connections between urban rims (Amsterdam, Rotterdam). To prevent these traffic jams from becoming significantly more intense and from spreading like an oil slick, large-scale measures will have to be taken in the current period. A people that is alive, builds its future; that also applies here. A government that wants to make only modest expenditure in this area fails to understand its duty to the future generation.

Another form in which the shortage of space manifests itself is the increasing scarcity of industrial estates located on deep waterways. The Dutch economy is largely dependent on port traffic and thereby the industries created by port traffic. The latter are also often directly linked to areas located near deep water.

There is now a danger that, due to our prevailing short-sightedness, there will in future be insufficient locations for this essential branch of activity. This could have a negative impact on the entire economic well-being of our people. It is therefore absolutely necessary that these areas on deep waters are now used sparingly.

The government would be wise to ensure that companies that are not absolutely dependent for their productivity upon a location near such deep waters from these locations. Once again this may prove to be an unpopular

⁹⁴ **BCW Note:** Refers to the area in Western Netherlands that may not be an official statistical area but which comprises 4 member provinces, where the major cities - Amsterdam, Rotterdam, Den Hague, Utrecht - and most of the country's population is located.

measure: but it is indispensable in any forward-looking government policy that will actually benefit the growth and development of future economic life.

Where the accumulation of people in relatively small areas of a territory poses such great dangers and disadvantages, the government must look for ways to indirectly promote greater distribution of the population across our entire territory. It can do this, among other things, by striving to improve economic location factors in the less densely populated parts of the country. In doing so, it creates a framework within which a greater spatial spread of new business locations can spontaneously arise.

Lagging areas and sectors.

Finally, in its concern for the long-term strength and harmonious growth of economic life, the government must pay special attention to those parts of the country and to those branches of activity that, for one reason or another, though important in national economic development, have nevertheless fallen behind or are in danger of falling behind. We will discuss both of these cases very briefly.

In some parts of the country, after the Second World War - as a result of a significant population migration and an exodus of labour from agriculture - there emerged economic stagnation, resulting, among other things, in a high percentage of structural unemployment. The government has rightly set itself the task of improving the so-called infrastructure of these regions to create the framework for a renewal of their economic prosperity. The point here is not to ensure that these parts of the country experience the same economic expansion as, for example, the western Netherlands; this would far exceed the power and authority of the government. But what is important is that the government removes the obstacles so that these parts of the country can continue their disturbed economic development on their own once more. The means for doing this include the improvement of public facilities in these areas and the direct encouragement of industrial establishments through subsidies.⁹⁵

There are certain branches of production that are more or less languishing in our country. In some of these branches this is caused by a gradually decreasing demand for their product, for example because new products have emerged due to technological progress. In such cases, the government does not have the task of permanently supporting these failing companies; after all, a development is taking place here that is normal in economic life and results from the given laws for economic life. However, the situation changes when it is not merely certain branches of companies that suffer from such economic languishing, but when entire sectors of our national production do so. This is even more true when the stagnation is not due to the emergence of certain newer products.

⁹⁵ **BCW Note:** i.e. for their relocation to these areas

The textbook example of such a sector is agriculture. The contemporary crisis in agriculture is mainly due to relative lagging demand for agricultural products amid increasing popular prosperity. The market for agricultural products has therefore been spoiled to a considerable extent; the yields from these products on the (world) market are so low that remunerative exploitation is no longer possible for many agricultural companies.

It is clear that the government will have to help this lagging⁹⁶ sector of our economic life to the best of its ability - partly because it concerns the production of necessary consumer goods. However, it is not so clear how it should do this. Granting subsidies on agricultural products is undoubtedly necessary and useful to a certain extent - but this does not yet provide a lasting solution to this structural problem. For a lasting solution, it is essential that the cost level of agricultural production decreases. Only if this decline continues can the future of agriculture be viewed with greater confidence.

It is therefore the government's task to create an environment in which such cost reductions can be achieved with as little damage as possible. The most important means in such a government policy are: promotion of the mechanization of agriculture; implementation of land consolidation projects; making information available (including through agricultural education). The application of the first two of these means - promoting mechanization and land consolidation - will undoubtedly result in an increased exodus of workers from the agricultural professions.

Nevertheless, these means will still have to be applied. Without this policy, the structural disharmony between the development of the industrial and agricultural sectors cannot be countered. However, the government will of course have to do everything possible to make the transition from agricultural to another employment sector as smooth as possible for those involved - through facilities for retraining, possible contributions to relocation costs, and so on.

§ 4. Construction of the framework for healthy competitive relations.

In addition to creating a framework for balanced and vigorous growth of private production, the government must also create a framework for maintaining and/or establishing healthy competitive conditions. Competition is absolutely indispensable in an economic life based on business production. Where competition is lacking, the producer's activity slackens and consumer protection diminishes. The continued existence of vigorous and healthy competition is therefore very important for the development of economic life according to its given nature.

⁹⁶ Dutch: *deze achterblijvende sector*

While the typical excesses and abuses in the field of competitive relations usually occur spontaneously and can be combated directly by the government, they are not so much an object of structural policy. That is why we limit ourselves here to a discussion of the case in which a structural lack of competition gradually emerges in economic life.

Lack of competition.

When does a lack of competition occur? That is a question addressed by many books. Economic theory is gradually realizing that in the past people have sometimes decided too quickly that there is a “lack of competition”. For example, the expectation that the rise of the large industrial enterprise in our society would mean the end of virtually all forms of competition has not materialized. It is true that competition often takes place in a different way than before. For example, in many places, so-called “price competition” is losing out to other forms of competition. Also, as a result of the continuing increase in average company size, competition has moved to a more general area. Whereas, to give an exaggerated example, one vacuum cleaner factory used to compete against another vacuum cleaner factory, now the collective vacuum cleaner manufacturers compete against the producers of other durable consumer goods, such as refrigerators and television sets. A different way of competing, no doubt; but it is certain that this is a form of competition.⁹⁷

So, in our view, it is not the right policy for government to attempt to maintain the competitive phenomenon by limiting the growth of large companies. The fact is that increasingly large technical and organizational units are being used to efficiently carry out production with a resultant increase in sales. This development rests on the inherent legitimacy of economic life and therefore cannot be reversed. In our opinion, the government can only oppose this overall development to its own detriment.

However, this does not mean that the government must tolerate all the usual accompanying phenomena of this development. The deliberate “freezing” of certain markets through monopoly and cartel formation is and remains a generally undesirable circumstance. A greater degree of price competition (instead of competition through the gift system, luxurious packaging, etc.) would also benefit economic life.

The question therefore arises as to how the government can create the framework within which, despite an “enlargement in scale” of economic life, a reasonable degree of competition (and preferably in the form of price competition) can continue to occur in the subsidiary markets. A fourfold suite of measures seems appropriate here.

⁹⁷ **BCW Note:** Competition in terms of product and product quality being displaced by a competition for a larger share of a consumer’s spending for various domestic products.

First of all, consideration should be given to removing all obstacles that stand in the way of free competition in international economic life. By removing remaining trade barriers, the monopolistic character of various domestic subsidiary markets can be significantly weakened. After all, people are obliged to compete more than before with their fellow foreign producers.⁹⁸

Secondly, the government can take measures that facilitate the establishment of new companies in certain sectors. This entry of new entrants into the market can be encouraged by providing information, providing credit, etc.

Thirdly, greater support for consumer organizations with more extensive measures against misleading advertising and certain applications of the gift scheme could be considered. This will reduce the closedness of certain markets and increase the importance of competition in economic life.

The dissolution of generally harmful cartels is a last resort; such government intervention has already been discussed in the first part of this article.

§ 5. Building the framework for a good composition of production.

At first glance it seems strange that the development of the framework for a healthy composition of production⁹⁹ has been promoted to a separate goal of economic structural policy. Of course: it is desirable that the composition of national production is tailored to what consumers actually need. But, one can add, that is precisely why, in our society, there is a price-mechanism. Due to the free manner in which prices form markets, production automatically focuses on the demand exerted by consumers. If too few shoes and too many boots are produced, the prices of shoes go up and those of boots go down: this is a sign for entrepreneurs that they can increase their profits by producing more shoes and fewer boots. In this way, the composition of production automatically regulates itself according to the wishes expressed by the people as a whole. The creation of a separate framework by the government for a healthy composition of production therefore seems unnecessary - and dangerous. All the government has to do is to ensure that the price mechanism does indeed function properly. But then we return to the part of structural policy discussed in §4: the construction of a framework for healthy competitive relations.

This reasoning is essentially correct. Indeed, the price mechanism in our society is the most important means of achieving the best possible composition of national production, in accordance with the needs of consumers. The government will therefore have to refrain from any intervention in the pricing

⁹⁸ **BCW Note:** An indication that Goudzwaard and the *ARP* are not nationalistic in their efforts to promote the best interests of the Dutch economy. Public justice for economic life is not circumscribed by national boundaries.

⁹⁹ **BCW Note:** We might wonder about this phrase “composition of production”. Taxation, laws governing the composition and safety of products, laws governing the way vendors present their products to consumers, are all contributors, from the Government’s side, to the production process.

of goods and services for which there is no clear legal basis - just as it has, moreover, refrained from prescribing to consumers in general which goods they need for the development of their lives.

However, we should not overlook the fact that the price mechanism can only successfully fulfill its above-mentioned task - tailoring production to the actual needs and requirements of the people - if certain concrete conditions are met in advance. And on closer inspection these appear to be conditions that partly go beyond the requirement of healthy competitive relationships. So that the government cannot avoid creating a separate framework for the realization of these conditions. We will briefly discuss two of these conditions.

Income ratios.

The most important condition is undoubtedly: the presence of income and wealth ratios that are not too unequal! In an economy where the distribution of incomes is extremely uneven and where wealth is highly concentrated in a few places, no harmonious coordination of production with the real needs of the people is to be expected - even if the price mechanism functions without a single defect. In such an economy, far too small a proportion of production will be devoted to necessary consumer goods; this is because of the simple fact that many who desperately need these goods for their life development, simply cannot afford them due to their low incomes. They are unable to exert any influence over the purchasing power of this product. In such a case there is a clear disharmony in the development of economic life, a disturbance in the balanced development of economic life according to its given law. We do not say this in order to claim that the government is obliged to put an end to this disharmony in one go. The government completely lacks the authority for such intervention - just as it lacks the authority, for example, to intervene directly in all Dutch families that are in disharmony. But in any case it is its task to create the framework within which this disharmony in economic life could be significantly alleviated by future intervention.

One of the most powerful means to this end is expanding the possibilities for education. Children from families with the lowest incomes must also be enabled to receive the education that suits them - if necessary without any financial burden upon the parents. Such an expansion of educational opportunities is important not only for those who can receive this education - and therefore earn a higher income in the future - but also for those who are unable to do so. With the thinning of the ranks of those from families with the lowest incomes, an improved income position is also on the horizon for them. The increase in the

number of skilled people in our society increases the reward for the work of unskilled people.¹⁰⁰

Due to lack of space, we will omit the discussion of other means of improving national income and wealth distribution, and simply list them as: ownership formation, profit sharing by employees, and the provision of land on long lease instead of ownership.¹⁰¹

International income comparisons: poor and rich countries.

Something still needs to be said about combating major income inequality internationally. It may be harrowing that within the Dutch nation one person may earn thousands of guilders a week while the other barely makes ends meet with his wages - the contrasts become even sharper when we have the courage to compare the prosperity in our society with the hunger and stark poverty that exists elsewhere, prevailing in the backward areas. While we enjoy ourselves here with our electric hairdryers, self-winding watches with automatic date display and electric shoe shine machines, millions of people in underdeveloped countries are deprived of even the most necessary foodstuffs and supplies.

At this point, then, a fundamental disharmony becomes apparent in the development of global economic life. As a result of the great unevenness in the international distribution of purchasing power, the orientation of the world production apparatus is no longer at all in line with the real economic needs that still exist in the world. While the production capacity in Western countries has become so large that it is increasingly focusing on the production of goods that can easily be missed, the production capacity in the countries of the South and South East is often still so small, that even the most essential consumer goods cannot be produced in sufficient quantities. This is a disharmony that should appeal to us all the more so when we consider that the same Western countries are the main cause of it. These capacity shortages in the underdeveloped countries have continued to this day.

Naturally, this international inequality in prosperity is also significant for the government. The government, as we saw, has the duty in its own way to create the framework for the harmonious development of economic life across our territory. But how could there be harmonious development here, in the Netherlands, when similar conditions still prevail elsewhere in the world? It

¹⁰⁰ **BCW Note:** This should be read slowly and carefully. Goudzwaard presupposes a “generational effect” in the population. And Government economic policy should be formed, he says, by keeping this in view.

¹⁰¹ **BCW Note:** This reads as if Goudzwaard has held some ideas “in reserve” relating to the provision of social welfare, how the Government’s social welfare responsibilities should be kept in view when crafting legislation to order economic life. And reading this document 60 years later, with his other published work and contributions in mind, it is evident that his economic “theory” has been shaped so that such welfare concerns are fully disclosed *as an integral part of economic stewardship*. What follows confirms a government’s economic policies also carry a nation’s concerns and responsibilities that extend to all neighbours, and not only fellow citizens.

would be wrong if the government did not take this into account in its domestic economic policy. Of course: the government is primarily responsible for its own citizens. But the government and citizenry do not live on an isolated island. Therefore, in the manner in which the national government serves the interests of its own nationals, it should also give heed to the interests of the residents of other countries.

An economic life is clearly involved in an economic disharmony when it develops in such a way that domestic production capacity focuses more and more on the provision of meaningless and artificially generated needs, while the very first and basic possibilities of existence are lacking abroad. A development of economic life in this spirit does not need to be supported by the government. On the contrary, it has a duty to play its part in helping to form a framework within which this distressing disharmony can be gradually removed. In its domestic economic policy it will also have to contribute to ensure that global economic life can develop in ways consistent with its given law of life.¹⁰²

That is why we must insist on strong government support for those Dutch entrepreneurs who are inclined to strengthen the production apparatus in underdeveloped regions via investment. The government will have to encourage Dutch businesses to contribute directly to the growth of prosperity in those countries by, for example, standing as guarantor against the political risks associated with these investments. In addition, more direct financial assistance to these areas will also be required. It may be worth considering raising sufficient resources for this by, among other things, an increase in sales tax on the most luxurious consumer items.

Consumer protection.

In the context of its concern for proper coordination of the production apparatus with economic needs, the government must also pay attention to ensuring that consumers remain able to spend their income in such a way that meets genuine economic needs.

This rather self-evident condition is not always fulfilled in our modern society. The increasing technical complexity of consumer products is partly responsible for this. The quality of many consumer goods is becoming increasingly difficult for the individual consumer to determine. On the other hand, the cause must also be sought in the sometimes irresponsible use of modern advertising methods, which suggest to consumers that these products will meet these false needs. The finely tuned psychological advertising techniques that were developed after the Second World War are almost all

¹⁰² Dutch: *zijn eigen levenswet*.

BCW Note: Here we see the emergence of what we might call discussion of “political economy ethics”.

geared to the principle that consumers must be “taught” to subconsciously prefer certain brands.

When these developments mean that consumers are increasingly less able to demand those goods on the basis of their objective qualities, the government will have to come to his aid. In addition to direct legislation against the abuse of advertising, it will have to try to create a framework or climate within which, in future, consumer failure is prevented or countered. The tool that seems to offer perspective for this future is the rise of modern consumer organizations. They can undertake extensive product research and inform consumers of the results in their periodicals. The government should vigorously promote this work.

§ 6. International economic relations.

The foregoing has pointed out several times that there are important differences between the orientations of government and business enterprise. They consider their responsibilities differently. The government should concern itself with justice; by contrast, economic considerations are decisive for business.

This difference in orientation is closely related to the fact that there is also a difference in the scope of their respective considerations. The government’s considerations are primarily of a national character, aimed at the well-being of the Dutch people. (Which, by the way, does not mean that the Dutch government does not bear any co-responsibility towards other peoples). The considerations of the business community, on the other hand, are in principle boundless. In fact, it makes no difference to an entrepreneur whether the buyers of his product are Dutch or foreign. Economic life is therefore, by its nature, internationally oriented.

The latter is of direct importance for our current discussion. This is particularly so when we hear this depiction in terms of the refrain of this entire article: *the government has to create space for the development of economic life according to its own given law*. In carrying out this task, the government cannot and should not ignore the international character of its own law of life! It is detrimental to the proper development of economic life when it places a multitude of obstacles in the way of a business community that wishes to orient itself abroad. In principle, the business community should be free to focus abroad whenever it wishes: and the same applies to foreign business in relation to our country. Economic life needs the world to develop; that is its law of life.

It is therefore entirely correct when Article 17 states that : *Government policy must generally be aimed at achieving freedom in international trade and payment*. This is a direct consequence of the recognition that, in the first sentence, as Article 17 puts it, government and business each have their own tasks with regard to economic life, that are different in character. Naturally, this

does not mean that charging e.g. import duties and the granting of export subsidies are condemnable under all circumstances. There are situations in which it is a requirement of justice that economic life is partially demarcated from abroad. One can think here, for example, of situations of economic upheaval in certain industries. In the long term, however, the aim should be to achieve the greatest possible freedom of economic movement of goods, services and capital. A government that encapsulates economic life as such within national borders fails in its vocation with regard to the development of this area of life.¹⁰³

Forms of cooperation.

It is a welcome phenomenon that, after the WWII, several attempts were made to tear down high toll and tariff walls and to restore freedom of trade and commerce. It is not possible to review all these attempts here, which have often led to beneficial results. We can therefore only briefly mention those forms of cooperation that still exist today (1963) and are of most significance to us. We rank them, to the extent that that is possible, according to the degree to which these offer resistance to the national policies of the participating countries.

a. The General Agreement on Tariffs and Trade (GATT).

The major countries of the Western bloc are members of GATT. This organization aims for the gradual elimination of as many trade barriers as possible. It does so, among other things, by mandating that its members adhere to the so-called “most-favored-nation” clause. For example, under this clause, a country that grants a reduction in a specific import duty to another country is required to extend that same reduction to all the other member states of the GATT to benefit of them all. Any discrimination among the members of the GATT is prohibited (art. 2 of the General Agreement).

GATT has accomplished significant work to date. Van Meerhaeghe¹⁰⁴ notes that, within the framework of this agreement, well over 60,000 reductions and consolidations of import duties have been achieved so far. However, compared to the total action required in this area, this can still be regarded as only a minor improvement. Yet, any criticism regarding this should not be directed at GATT itself, but rather at the member states, which are often reluctant to act.

¹⁰³ **BCW Note:** It is particularly valuable reading in a later time of populist nationalism which via its ideology draws attention to itself by the claim that “globalisation is dead”. The antinomy in such claims is detected when the appeal is made to the anti-globalist trend that has become evident in various polities around the world.

¹⁰⁴ **BG ftn21** Ex. A.G. van Meerhaeghe. *Internationale Economische Politiek in theorie van de Economische politiek* (collection under the editorship of professors Andriessen and Meerhaeghe) p. 359.

b. The Economic Organization for Cooperation and Development (EOSO)

The EOSO is the successor to the OEES, the Organization for European Economic Cooperation. In addition to the main countries of Western-Europe, the EOSO, Canada and the United States also participate.¹⁰⁵

The OEES has played an important role in the removal of quantitative import limits (import restrictions), which were particularly high in the first years after the Second World War (the so-called “liberalization” of trade). The EOSO, in a modified way, continues the work of the OEES. The conversion of OEES in the slightly differently focused EOSO (which, for example, also pays attention to aid to underdeveloped areas) has become necessary due to the creation of the European Economic Community (the EEC) and the European Free Trade Association (the EFTA), which replace, having taken over the work of the old OEEC. Decisions of the EOSO are taken unanimously: it is therefore a form of purely voluntary intergovernmental cooperation.

c. The International Monetary Fund (IMF).

This form of cooperation is of a different nature than the previous one, as it typically operates on the monetary (= financial) level. The aim of the IMF (to which most countries of the Western bloc are also affiliated) is: international monetary cooperation and maintenance of exchange rate stability. The participating countries commit themselves to submit changes in their exchange rates exceeding 10% to the IMF for approval. If the Dutch government wanted to devalue the guilder by 15%, this would require the permission of the International Monetary Fund. The International Bank for Recovery and Development is affiliated with the IMF, which, among other things, provides important credits to underdeveloped countries.

d. The Benelux.

Since its creation in 1948, the Benelux has developed towards an Economic Union¹⁰⁶ - i.e. a Union without trade and traffic barriers, accompanied by a concerted coordination in the economic and social policies of the participating states. The Benelux has achieved significant results, especially in the area of trade liberalization. However, so far not much has come of real coordination in economic and social policy. This is not that difficult to explain.

To date (1963), the Benelux has lacked a so-called supra-national body with its own powers. The coordination that is achieved can therefore only be

¹⁰⁵ **BG ftn 22** This is in contrast to the OEES, of which the U.S.A. and Canada were not part.
BCW Note: The OEES, **Organisation Européenne de Coopération Économique**, was set up under the Marshall plan. From 14/12/1960 it became the OECD.

¹⁰⁶ **BG ftn 23** The Treaty to this effect was concluded in 1960.

coordination to the extent that one voluntarily coordinates one's own social and economic policy with that of the other Member States.

e. The European Economic Community (EEC).

The European Economic Community, based on the Treaty of Rome of 25 March 1957, aims to achieve the harmonious development of economic activity throughout the Community, with steady and balanced growth and greater economic stability. It wishes to achieve this objective by establishing a common market, free from trade and competition barriers, and by approximating economic policies in the different Member States. Due to the French refusal to admit England to the EEC, this form of cooperation has initially lost a significant part of what once seemed so great.

The most important bodies of the EEC are the so-called "Commission" and the "Council of Ministers". The committee has some - albeit limited - regulatory powers and can therefore be characterized as a supra-national body. In fact the same can be said of the "Council of Ministers", which has considerably greater powers, since in most cases this council decides not unanimously, but with a qualified majority or otherwise. That means a Member State can be obliged by the Council of Ministers to do something against its own will.

The most important work of the EEC so far has been to reduce the trade barriers of the Member States, i.e. to prepare for the establishment of a common free market, which is closed to the outside world by relatively high tariff barriers (the so-called external tariff). The other task, as listed in Art. 2 of the Treaty - the gradual convergence of the economic policies of the Member States - has proven to be of much less significance. This was foreseeable since the Treaty itself only expressed the desire for a clear common economic policy of the Member States in three sectors - agriculture, transport and foreign trade. With regard to economic policy, the Member States, for example, continue to be completely independent. With regard to exchange rate policy, it is sufficient to express the hope that the Member States will take into account the interests of the other countries of the Community. Only in the three sectors mentioned could a start be made to shape a common economic policy. In December 1961, after lengthy consultations, agreement was reached on the principles of the Community's agricultural policy.

312 f. The European Coal and Steel Community (KSG) and the European Atomic Energy Community (Euratom).

The KSG is an example of sector-by-sector integration: it only concerns the production and sale of coal, steel, scrap and iron ore. The aim of the KSG is to

create a common market for these products, by removing all trade barriers and combating unfair competition.

The KSG goes further than the EEC in that the authoritative body (the High Authority¹⁰⁷) is given the power to set maximum or minimum prices in certain situations. This power is lacking in the EEC. What does exist in the EEC, as well as in the KSG, is the in principle power to dissolve harmful cartels.

The KSG has not complied in all respects. The High Authority's market policy has sometimes been thwarted or circumvented by national governments through measures that neutralized the High Authority's policy. This was possible because the KSG does not have any coercive powers in the social field.

With regard to the Euratom, it suffices to say that here too a common market (i.e. for nuclear energy) is being pursued and a number of joint undertakings and research centers have been set up (e.g. the atomic reactor in Petten¹⁰⁸).

Transfer of authority.

The three latter forms of cooperation - the EEC, the KSG and the Euratom - differ distinctively from the previous ones in one respect, namely that they are based not only on a limitation of our national control, but also on a transfer of control. The fact that the Dutch government can no longer devalue and revalue its currency under its obligations to the IMF means a *limitation* of its control. But it is not yet a *transfer* of control. This is because the IMF does not have the right, on its own initiative, to set the exchange rate for the Dutch government. The IMF has no authority of its own in this area. However, this is different in the EEC, KSG and Euratom. There, some matters are indeed determined for the Dutch government - namely by the deliberations of these associations. For example, target prices for certain agricultural products are no longer set in The Hague. but at the EEC in Brussels. This determination goes beyond the direct permission of the Dutch government.

Is it correct that the Dutch government has made this transfer of powers? Couldn't these and similar results be equally achieved by some form of restrictive control?

In order to answer these questions, we return for the last time in this article to the Anti-Revolutionary view of the place and task of government.¹⁰⁹

¹⁰⁷ **BCW Note:** [The High Authority](#) was the designated executive of the former [European Coal and Steel Community](#) (ECSC). Created in 1951 it was disbanded in 1967 when [merged](#) into the [European Commission](#). It was therefore a crucial part of post-WWII reconstruction in Europe before the establishment of the EEC.

¹⁰⁸ **BCW Note:** A village on the North Sea in the Dutch province of North Holland. It is famous for its multiple dyke system but also for its nuclear and energy research facilities.

¹⁰⁹ **BCW Note:** And as we do so, we note the significant effort of the ARP to post-WWII reconstruction in its homeland. For Bob Goudzwaard to have formulated such a comprehensive economic policy statement to explain how the party, in 1963, understands, or should have understood, its own policies in terms of Article 17, presents us with a remarkable document. And in these terms we see justification for making this translation available.

The transfer of national control from an Anti-Revolutionary outlook.

If there is one thing that must be certain for an Anti-Revolutionary, it is this: that nothing in this world, and therefore also in politics, has its purpose or meaning in itself.

The purpose and meaning of the world is the glory of God. This also applies to the government. The government is not there for itself, but for the service of God. This is a service that specifically focuses on the given task, to govern the nation in an incorruptible and just manner. The government is there for the sake of that task - that task is not there for the sake of the government.¹¹⁰

It follows that the government must do everything that is necessary for the best possible performance of its stated task - and this is even when this entails a reduction in its own sphere of authority. This is because what is important is not the preservation of that sphere of authority but the demand that the nation be ruled with justice. In other words, if it appears in the historical process of development that in order to exercise a truly just authority it is desirable and necessary for the government to relinquish certain powers to a central authority, then it is, by virtue of the vocation given to it, what is required.

Anyone who is not blind to history knows that this situation has clearly happened several times in the past. Consider, for example, the 16th, 17th and 18th centuries, the period of the formation of the nation states. The historical development then made it necessary - in connection with advancing technology, the rise of traffic, the invention of the printing press, etc. - that the government authority, the center of gravity of which until then had been the authority of the urban and regional governments, took on a more central character. The well-being of the subjects could no longer be properly taken care of by the city government. For example, how could a good traffic road network ever be built up through voluntary cooperation between cities? To achieve this, a national government was necessary.

It is our belief that we are now experiencing a similar development in another area. Technical and scientific progress has created a society that, in order to actually be governed fairly, more central authorities in addition to the national governments that we are familiar with are needed. It is already the case that certain measures that need to be taken for the well-being of the Dutch people, cannot be taken without a more central, European authority.

Below, we will illustrate this in more detail with regard to economic policy. In such a situation it is, in our opinion, short-sighted and dangerous to oppose

¹¹⁰ **BCWNNote:** One of Goudzwaard's fellow reformational thinkers, Jim Skillen, has put it in these terms: ["Government for Politics or Politics for Government"](#). This has also been applied by the editor of this translation in similar terms. ["Politics for Government or Politics for Politics?"](#)

in advance any transfer of control by the national government. Short-sighted, because we are in fact doing the same thing as when the urban governments transferred their authority in earlier centuries, even though through everything they wished to maintain their own sovereignty vis-à-vis the more central authority.

To oppose such development is dangerous, because we then no longer recognize the times in which we now live and no longer actually concern ourselves with the general interest of the Dutch people.

International economic and development policy.

In order to demonstrate that this description is indeed valid as far as economic policy is concerned, let us briefly review the requirements of a sound economic cyclical and structural policy. We have assumed that it is the calling of the government. to create space for the development of economic life according to its own given nature. Can today's national government indeed meet this vocation in every respect in all of its details?

We start with economic policy. As we have seen, the government has a legal obligation to combat strong economic fluctuations. But due to the stormy developments in economic life, our country has become increasingly “open”¹¹¹ to foreign influences. The 1930s taught us what that can mean in times of an international crisis. It then became clear that an economic crisis of international proportions cannot actually be reversed at a national level. At best, we can try to offload our economic woes onto others through devaluation. For that is ultimately what devaluation amounts to: attempting to improve one's own situation by acting at the expense of foreign nations. The English call this a “beggar-my-neighbour policy” - a strategy that offers only temporary relief, since if the “neighbour” in turn devalues, the situation reverts to the status quo. A genuine international economic crisis can only be effectively tackled by an authority that operates above the national level. It is clear that merely limiting the powers of national governments will not suffice here; what is truly essential is the transfer of authority to a supranational body. The same applies to combating inflation in our society - inflation which, as we have seen, is largely imported from abroad.

It is actually no different when it comes to structural policy. First of all, it is required that the government must create the conditions for balanced and harmonious economic growth. This requires the presence of an economic outlet, i.e. the absence of trade barriers. However, to effectively abolish trade barriers, cooperation beyond mere voluntariness is required. It is hard to say this, but

¹¹¹ **BCW Note:** Or maybe “opened up”. It is of note that Goudzwaard does not use a term he will later associate with the “opening process” - disclosure, in Dutch: *ontsluiting* - that will become characteristic of his forward-looking normative outlook see **Capitalism and Progress** (1979) Part 4: “Toward the Disclosure of Society.”

that is the way factual trade between nations must operate. Experience with the GATT has shown that if balanced and harmonious growth is to be achieved, then progress can hardly be achieved through volunteerism.

All this justifies the conclusion that for economic policy the situation has now arrived, for the sake of a just policy regarding the Dutch nation in various respects, and for the sake of a free development of economic life according to its own given nature, a certain transfer of national control to supranational bodies may be necessary.

Limits on the transfer of control.

Finally, we would like to emphasize two limits that must be placed on the transfer of national control.

First of all, there is a quantitative limit. Only those powers in the economic field may be transferred which, in themselves, have been proven to lead to better and healthier policies at the international rather than at a national level. The national government should remain in possession of all powers, which it can exercise in just as equitably as can a supranational authority..

Secondly, there is also a qualitative limit. Those powers, which in themselves are eligible for transfer, may only be relinquished by the national government if it can reasonably be expected that at a supra-national level they will indeed be exercised in a way that qualitatively speaking is right, that is to say, in a fair manner. If there is a high probability that the transfer of control will result in a tyrannization of the free development of economic life by the supra-national body, any legal basis for the transfer naturally lapses. Therefore, great attention must be paid to the conditions under which the transfer of control takes place. The Dutch government must receive a guarantee in the transfer contract that the transferred powers will be used for the benefit of a free and balanced development of economic life. As far as we can see, this is indeed the case in the EEC Treaty.

The two boundaries mentioned above should not be lost to sight in any future transfers of national control. For just as the preservation of one's own national sphere of authority should not be a goal in itself, neither should the transfer of authority be made a goal in itself. It is good and Anti-Revolutionary to guard against one-sidedness on both counts.

Drs. B. GOUDZWAARD

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ANTI REVOLUTIONAIR BESTEK

toelichting op het beginsel en algemeen staatkundig program
van de anti-revolutionaire partij

woord vooraf van
Dr. W. P. BERGHUIS

N.V. Uitgeversmaatschappij de Graafschap - AALTEN 1964

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