

RITUALS FOR ECONOMIC CHANGE

TOWARDS A NEW PERSPECTIVE OF ECONOMIC
BEHAVIOUR

Group F:

Andreea Staicu

Eva Hartog

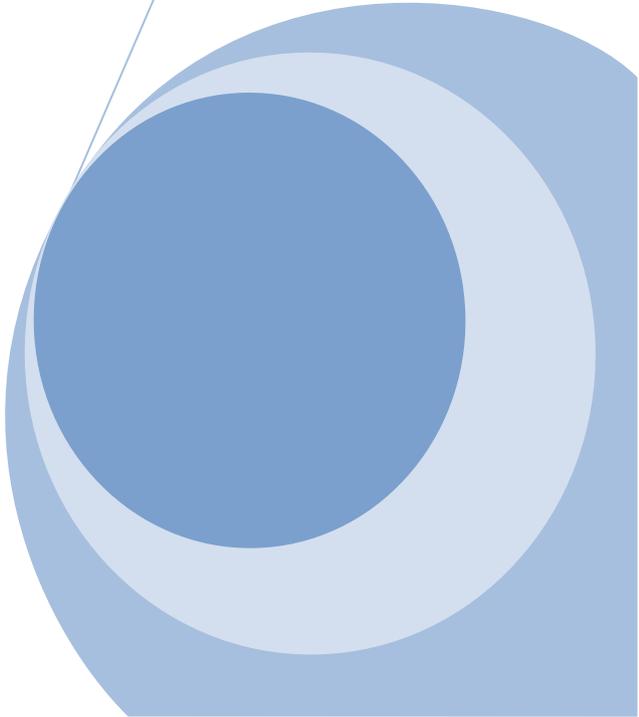
Lejla Ramovic

Stefan in 't Veld

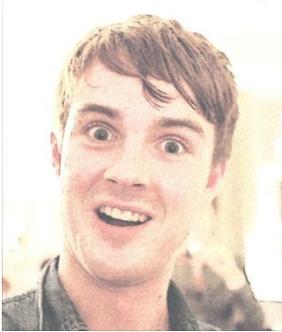
Timo Spijkerboer

Coach: *Caroline van Leenders*

Leaders for Economic Change



Leaders for Economic Rituals



Stefan in 't Veld (Student, 24)

is momentarily graduating from the Utrecht University on the subject of Science & Innovation Management. He has a particular interest in transitions and therefore he is currently doing research on the development towards a smart grid. Next to that, Stefan invests a lot of time and effort in SIFE; a platform for social entrepreneurship. There, he launched a new concept called *Fiets&ik*. This concept aims to stimulate bike sales of those institutes that help people with a psychological disorder reintegrate in society.

Timo Spijkerboer (Young Professional, 29)

holds a degree from the Twente University in mechanical engineering. It was there that he became increasingly interested in sustainable energy technologies. Therefore, Timo devoted one year of his time and effort to the prestigious Solar Team Twente that competed for the World Solar Challenge 2007. Furthermore, Timo has a fondness for conquering the forces of nature. He is an active (kite) surfer and sailor. After his studies Timo sailed across the south Pacific and saw with his own eyes how climate change has affected those people living on remote islands in the ocean.



Eva Hartog Skorobogatova (Young Professional, 23)

currently works as an editing manager and journalist of international affairs at Zapaday, an open news calendar with future events. In 2011, she obtained a master's degree in Political Philosophy at the University of Leiden. However, her interest in politics continues to play a prominent role in her life. In January 2012 she was privileged to join the BKB-academy to observe the art of political campaigning amongst the US presidential candidates.

Andreea Staicu (Student, 23)

is a double-degree master student from Bi-Norwegian Business School in Oslo where she studies Leadership and Organizational Psychology. Currently, she is doing part of her studies at the Tilburg University focusing on Organization Studies. Andreea likes to be challenged and therefore she was involved in many national and international student conferences. These include New Economics Challenge and National Scientific Research Session on topic of management and ecological technology and Long-term development. Andreea likes to travel a lot visiting many friends from all over the world. Furthermore, she is eager to learn as well as open-minded to new ideas and cultures.



Lejla Ramovic (Student, 30)

is currently studying Public International Law and hopes to become a Human Rights Lawyer soon. More particularly, Lejla is interested and actively involved in enforcing the Women's Human Rights. Therefore, in 2011, she founded and Business and Education Network serving as a platform that helps women in the Netherlands and developing countries to start their own business and develop a professional network.

INDEX

INDEX	4
ABSTRACT	5
OUR CONCERN	6
THE WAY WE SEE CHANGE	6
WHERE WE WANT TO GO	7
OVERCONSUMPTION	9
CALL FOR ACTION	10
Timeline	11
Resources	12
Challenges	12
THE BROADER APPLICABILITY OF RITUALS: POWER	12
CONCLUSION	13
REFERENCES	14

ABSTRACT

In reaction to the economic disorder of the past years, the discipline of economics has fallen from grace for some and yet remained unscathed to others. In such times of insecurity our duty as Leaders for Economic Change is to point society in the right direction. We do not believe in the “new” versus the “old” economy, but rather approach economic change in a pragmatic, holistic way. As the currently dominant paradigm loses momentum, new paradigms will emerge and we aim to find and ride the right *wave* for change. Our way to identify such new paradigms is by taking the perspective of the *ritual economy*.

Ritual economy views economic behaviour as constituted by such social practises as rituals. It is “the process of provisioning and consuming that materializes and substantiates worldview for managing meaning and shaping interpretation”. By applying the jargon of rituals to the field of economics, we gain a refreshing tool to explore and explain economic situations and practices. Through the glasses of ritual economy we look at overconsumption and inspect the communicative dimension of transactions. What we see is that the type of consumption leading to overconsumption constitutes a symbolic and communicative act (i.e. ritual). By respecting the ritual but changing its form (i.e. to more conscious consumption) we change economic behaviour whilst acknowledging its underlying motivation.

OUR CONCERN

Many recent global phenomena such as the global food crisis, the financial crisis and the pace of climate change have fueled a growing fear that future generations of mankind will not be able to meet their own needs. It is a fear that is unparalleled in the history of human existence on Earth, and it points to only one conclusion: our current pace of growth and exploitation is unsustainable.

We think this is at least in part due to the dominance of the western materialistic worldview which in its extreme form undermines several fundamental values, of which respecting our ecosystem is the most pressing.

In essence, there is only one crisis that is real, and that is the ecological crisis. Should all civilization be lost, man will need only that which can keep him alive: air in his lungs and food in his mouth.

The dominant economic paradigm neglects this dependency by viewing the economy as a separate domain where infinite extraction from nature comes without a price. The truth is however, current levels of extraction exceed the so-called *carrying capacity* of the earth. Exceeding this carrying capacity has many consequences including deforestation, a diminished bio-diversity (e.g. extinction of fish in certain areas) and scarcity of drinking water. Therefore we conclude that the economic model has to change.

THE WAY WE SEE CHANGE

Most people looking for change structure the (economic) world we live in terms of the “old” and the “new”. Herein the old economy refers to the currently dominant set of practices that make up the economic system. The new economy, on the other hand, is a normative construct and refers to a new set of practices that are to be realized. Although this mental distinction between old and new can seem helpful, building a completely new economic system from its foundations is impossible and oversimplifies the task ahead.

Change happens, all the time, everywhere. The economic system *has* changed, is changing at this very instant and *will* change. Our role is to channel change into the right direction.

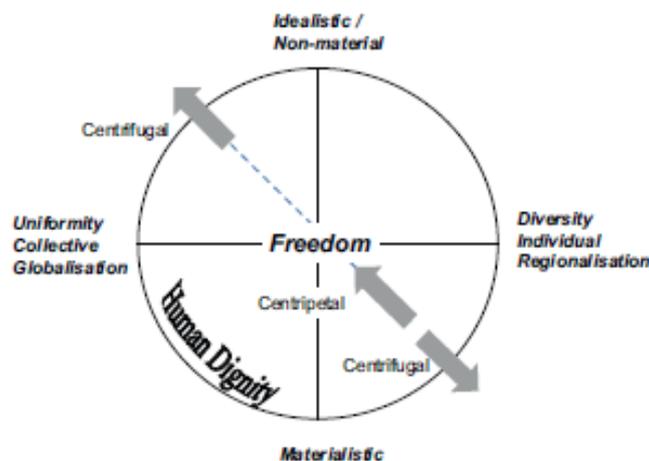
If one considers the economic system to be the outcome of certain paradigms it becomes important to understand how these paradigms evolve and eventually get replaced. The evolution of paradigms occurs according to S-curves. First, a minority of people embrace a new set of norms and values. Consequently, more people follow, a movement emerges, gains strength and eventually the paradigms become dominant. Finally, the popularity of the paradigm diminishes and other paradigms take over.

We do not believe that change can be evoked from a vacuum. Rather, change results from a sense of chaos. This chaos is created by a sense of insecurity and doubt towards

the norms and values of the dominant paradigm. And, according to us, this is precisely the situation we are in right now. The majority of people recognize that current norms and values have led to an unsustainable way of living. Nonetheless people are insecure about which new values and measures are needed to bring about the change that is necessary.

In this state of chaos several new sets of norms and values arise possibly leading to a new dominant paradigm. Our role as Leaders for Economic Change on this is clear: we have to find the most promising wave of new norms and values and do our part in making it dominant.

We do this by joining the movements that fit our values and inspire many others to join as well. Every process of change started with a first step. Now that we have found the right direction, it is only a matter of guiding others to follow us there.



WHERE WE WANT TO GO

In order to find the trends we are looking for, we need to know which direction we want to go. Following the work of van Egmond, we are looking for movements that promote an integral worldview and therefore take us away from the current extremely dominant individualistic materialistic worldview.

From a macro historic point of view, after science gained authority during the enlightenment, the dominant worldview became more materialistic. This triggered the industrial revolution. Ever since, the utilization of resources has increased for the sake of economic progress. It's the underlying worldview which is at the root of this development. Our worldview has become increasingly materialistic and individualistic and continues today.

Van Egmond states that each worldview has an opposite in the sense that the underlying value orientations are conflicting. He states that sustainability is reached as

long as the tension between opposing worldviews does not become overstretched. If worldviews get to extreme, it will be impossible to respect the values of the opposing worldview and will eventually lead to a crisis in order to re-establish the balance. Therefore, we conclude that trends we are looking for need to neutralize the currently dominating worldview.



OUR APPROACH

In our vision it is our theoretical framework of ritual economy that plays a central role. This is not to say that ideals are not important, they certainly are. Our generation has grown up in a world shaped by paradoxical economic principles that are so-called natural laws but nonetheless ignore the complexities of human social interaction and ecological scarcity. But almost every informed citizen nowadays has heard the mantra of change and is willing to believe it; sustainable, organic, green, they are words that have become almost common. And yet, nothing, if little has changed.

We believe it is time to focus on the *how*, rather than focusing on the *what* and leaving it at that. The narrative for economic change calls for a pragmatic approach. Rejecting the marketplace outright, as some do, is hardly a solution. Instead, we choose to adopt a holistic approach to economics, embedding it in, rather than removing it from, the world we see around us.

The theoretical framework of ritual economy is a unique one in that it not only uncovers the underlying motivations of economic behaviour but also provides an insight as to where new patterns of behaviour might be at their most effective.

According to our vision, such a holistic approach requires a deviation from a view of economics as a science akin to mathematics towards an anthropological, *social* economics. As a theoretical framework, ritual economy is ideally suited to this purpose because it bridges the dichotomy between economic and social behaviour.

Rituals are an important form of social behaviour in that they establish connections and secure the socio-economic reproduction of communities and groups. In short, rituals create, reinforce and maintain a certain social order. By applying the jargon of rituals to the field of economics, we gain a refreshing tool to explore and explain economic situations and practises, in terms of a *ritual economy*.

Ritual economy therefore views economic behaviour as constituted by such social practises as rituals. It is “the process of provisioning and consuming that materializes

and substantiates worldview for managing meaning and shaping interpretation". Seen through the lens of ritual economy, the marketplace of rational agents becomes a scene of complex social processes of human interaction and belief formation.

Though the framework of ritual economy incorporates the practise of rituals in a theory of economics, it does not make them interchangeable. It does not pretend to explain every aspect of economics in terms of rituals, but merely indicates that economic models can no longer stay blind to the social reality of communal behaviour.

There where rituals and economics *do* overlap however, we speak of an economic ritual, and it is precisely at such points of intersection where we see a window of opportunity for change.

OVERCONSUMPTION

The topic we will use is overconsumption. Through the lens of rituals, overconsumption will be shown to be a symbolic and communicative act (ritual). By respecting the ritual but changing its form (to more conscious consumption) we change economic behaviour whilst acknowledging its underlying motivation (paradigm shift).

We choose to define overconsumption as everything we consume excepting what we need to stay alive. Two examples will illustrate how the theory of rituals can be applied to overconsumption. The first is described as Gucci-capitalism introduced by Noreena Hertz (2012). This is a specific form of capitalism wherein (lack of) status is to a large extent determined by the possession of tangible goods. In *Gucci-capitalism*, the coupling of status and possession of tangible goods motivates people to borrow money to derive a sense of status, even if it comes at the cost of enormous debts.

This extreme form of overconsumption clearly has a communicative dimension in which goods serve as symbols of social status.

In the second example the communicative dimension of consumption becomes clear by studying the status symbols of the Trobriand man as was done by Harrison:

"The armshells and necklaces which Trobriand men transact and compete for have few practical uses, but they are the most highly prized symbols of prestige and status...Luxury goods, in other words, are distinguished by having an essentially semiotic role; their function is to signify social, especially political, relationships." So he concludes: "The highest ranking goods in an economy are 'information goods', whose functions are essentially communicative."

Both Melanesian gift exchange and Gucci-capitalism clearly show the communicative dimension of economic transactions. And yet there is an interesting difference between them in that objects in Melanesian economies are in fact experienced as a dimension of the self. "...they are not something that people 'own' but something that they 'are'. ... What is actually transacted in gifts, as Strathern (1983; 1988) has argued in detail, are social identities or different aspects of these identities in their relations with others."

To summarize, in the gift-exchange model, objects are experienced as a dimension of the self leading to a transaction of social identities whereas objects in the commodity

exchange model are perceived as something you 'own' leading to the transaction of property. This is an interesting example of the Melanesian awareness of the communicative dimension of consumerism.

In Western society there is also an increased awareness and use of this communicative dimension of consumption, albeit in a different form. Product developers encourage their products to be used as personal symbols through features such as personalization and the capability to share everything we do, see or experience. In marketing, trends like storytelling and identity marketing use the communicative dimension of consumption to transact personal identities. More and more, people buy experiences rather than products.

This trend is an opportunity, so we argue, as it has the potential to shift our definition of wealth from a materialistic to non-materialistic one. It could lead to a focus on 'information goods' as is already the case in the Trobriand economy, which is shown in the example of the transaction of dances:

"Dances are 'owned'; that is, the original inventor had the right of 'producing' his dance and song in his village community. If another village takes a fancy to this song and dance, it has to purchase the right to perform it. This is done by handing ceremonially to the original village a substantial payment of food and valuables, after which the dance is taught to the new possessors (Mahnowski 1922: 186)."

CALL FOR ACTION

The theoretical framework of ritual economy led us to the valuable insight that the trend of an increasing awareness of the communicative dimension of products has the potential to lead us away from the dominating individualistic materialistic worldview, which lies at the root of overconsumption.

Having explained above our vision and the strategy meant to implement it, is now time to focus on our call for action. Therefore, one of the first steps that we are going to take in pursuing our vision has to consider the importance of rituals as a critical aspect of both social and personal identity. We have focused our level of analysis on the "WE" level because we considered rituals to define characteristics of many social groups.

We now want to go a step further and see what is the impact of rituals on the "I" level. Take for example the role of marketing in inducing overconsumption. Developments in marketing show an increased focus on authentic communication and personal identity. Storytelling is used to inform customers on the personal stories behind products. More and more, people buy experiences rather than products.

Product developers stimulate people to personalize their products allowing the products to become part of the customer's identity. As it can be seen, this brings the "I" as well as the "IT" level together. If companies would change their focus from trying to get more and more profit from selling "things" to its customers and turn to consider their customers their greatest assets, then the ritual of selling and buying would drastically change. We would then face the well-known effect of ritual's reinforcing

itself, as more and more people support a ritual, others come to expect that the ritual will be sustained in future periods, hence, once in place, the rituals are often self-enforcing and self-extending over time.

Therefore, to make ourselves better understood, we propose that on the “I” level we can start with increasing awareness amongst customers and companies. It will be stated explicitly that the products should be used as symbols. People will be encouraged not to hesitate to use/buy gifts that do not worth much in money, but have a great symbolic value. Moreover, in trying to identify ourselves with the objects around us, their communicative value will increase, and we will pay more attention on what we spend our resources.

The aforementioned call for action on the “I” level will have a snowball effect on the “WE” level and vice-versa. We already saw how the “WE” can influence the “I”, let us now think on how the “I” can influence the “WE”. Consider as an example the case when someone start spreading the word from the “I” level that it would be beneficial for the community to use more symbols in their daily interaction processes because this would facilitate communication.

Moving on to the “IT” level, we need rituals that promote sectors producing information goods such as: teaching, information technology and so on, because they will serve as the basis for future developments. These communicative rituals through symbols can become very powerful, especially if they align with their “users” identity.

Timeline

One of the first things to be considered when presenting an action-plan is its time-line. Hence, the first step in our call for action will be to increase awareness of the communicative dimension of luxury products. This is estimated to last from six months to two years on an international scale.

Second, the emphasis will be put on increasing the focus on the communicative capabilities of products and how do they reflect the “inner you”. The time lag for this should be around one year.

Third, a shift in the definition of wealth is likely to emerge, from the materialistic towards the communicative products.

Finally, we see the shift in the possibility to use less resources on the communicative products than the traditional materialistic products are using now.

To make this ritual model more reliable, we thought of three questions that help raise awareness amongst buyers when they are on the point of buying something:

- What are you trying to communicate?
- What need are you trying to fulfill?
- Are there alternatives to this product that can fulfill your need?

Resources

The main resources that we need in fulfilling our vision bring us to the basic level of everyday life examples of our own consumption customs. Acknowledging the power of the personal example is good, but it is wiser to use the power of mass communication tools.

Mass-media play a crucial role in educating customers' actual choices. Therefore, an important resource has its roots in the marketing field; being able to communicate our vision by using the most suitable communication channels is thought to increase the added value of our vision in action.

Challenges

Our essential goal of looking to overconsumption from the glasses of rituals remains to bring down consumption levels. As said, we hope to reach this by increasing awareness on the symbolic and communicative dimension of the consumption act. The fallacy in this is that we assume that each product has embedded an equivalent communicative level of resources directly linked with its symbolic value. Therefore, it is important to acknowledge that this might not always be the case.

One way of mitigating this challenge is to innovate, to create new ways of bringing services and products on the market that do not use the same amount of resources as their predecessors. Hence, new producing rituals can emerge to overcome this challenge.

THE BROADER APPLICABILITY OF RITUALS: POWER

Insofar, we have used the lenses of the ritual economy to look at overconsumption. However, this focus does by no means limit its applicability to only this topic. By introducing a second topic, we want to show the applicability of our *rituals economy* as well as invite other to do so for other topics.

If we look at power through from a ritual economy perspective it becomes clear that power has a largely communicative and symbolic dimension. Depending on the political system, power is wielded in different ways. In a primitive political system, power is transmitted through violence, or the threat of violence: military coups, private militias, and so on. In a less primitive system more typical of emerging markets, power is transmitted via money: bribes, kickbacks, and offshore bank accounts. Although lobbying and campaign contributions certainly play major roles in the American political system, old-fashioned corruption—envelopes stuffed with \$100 bills—is probably a sideshow today. Instead, the American financial industry gained political power by amassing a kind of cultural capital—a belief system. Once, perhaps, what was good for General Motors was good for the country. Over the past decade, the attitude took hold that what was good for Wall Street was good for the country.

The banking-and-securities industry has become one of the top contributors to political campaigns, but at the peak of its influence, it did not have to buy favors the way, for example, the tobacco companies or military contractors might have to. Instead, it benefited from the fact that Washington insiders already believed that large financial institutions and free-flowing capital markets were crucial to America's position in the world."Thus, from the perspective of rituals power can be wielded by force (i.e. violence), money or beliefs. Likewise with overconsumption, it is again the non-materialistic dimension of the ritual that proves to be the strongest and most durable. We believe in the power of ideas rather than commodities.

CONCLUSION

Many more topics can be approached from a ritual economy point of view. We believe that looking to the economy from a rituals perspective can have a significant contribution towards new economic practices. Therefore, we hope to encourage others to take this perspective and broaden the scope of current economic paradigms.

REFERENCES

- Coyne, C. J., & Mathers, R. L. (2011). Rituals: An economic interpretation. *Journal of Economic Behavior & Organization*, 78(1–2), 74-84.
- Hertz, N. (2012) Tegenlicht: Eigen schuld.
<http://tegenlicht.vpro.nl/afleveringen/2011-2012/Schuld.html>
- Hölbl, M., & Welzer, T. (2009). Two improved two-party identity-based authenticated key agreement protocols. *Computer Standards & Interfaces*, 31(6), 1056-1060.
- Malinowski, B. (1922). *Argonauts of the Western Pacific*. New York: Dutton.
- McAnany P. A., Wells E. C. (2008), Toward a theory of ritual economy. In E. C. Wells, P. A. McAnany (Eds.) *Dimensions of Ritual Economy (Research in Economic Anthropology, Volume 27)*, (pp.1-16): Emerald Group Publishing Limited
- Rob, H. (2002). Growth, environment, and culture—encompassing competing ideologies in one ‘new growth’ model. *Ecological Economics*, 40(2), 253-267.
- Simon, H. (1992). Ritual as Intellectual Property. *Man*, 27(2), 225-244.
- Summers-Effler, E. (2006). Ritual Theory, *Handbook of the Sociology of Emotions*. In J. E. Stets & J. H. Turner (Eds.), (pp. 135-154): Springer US.