Economy Special

Beyond capitalism and socialism?
A perspective on Auroville's Commercial Units

Jean-Yves came to Auroville six years ago, and has been teaching at Last School ever since. His main fields of research are history, economy, arts and literature. In France he was active as a management consultant and advised on the start-up of new businesses.

A Conversation above the Circles

The economic experiment of the "circles" attempts to change the economy of Auroville. Don, who has been instrumental in the creation and the administration of the circles, gives a bird's-eye view of the experiment after one year.

About 100 Aurovilians came together in November 1999 to share their aspiration for an economic system where there would be "no exchange of money" within Auroville; where services, largely staffed by Aurovilians, would provide the basic needs of all; and where trust, love and sharing among Aurovilians and the loss of the sense of personal possession would be encouraged. It was also felt that economic decision making should be decentralized, that work should be de-linked from income and that the maintenance income should be eliminated.

To test if any of these ideals could be realized, the circle experiment was born. The 100 Aurovilians were divided into four groups, called circles. At present, more than 300 people, belonging to nine circles, participate in the experience.

Challenges

The biggest immediate challenge that the circles confronted was the fact that many Aurovilians living on a community income - some of whom are also under-maintained - they could not make ends meet. To deal with this challenge, each circle created its own common pot. The income of each member is put in that common pot, and each member draws from the pot whatever s/he deems necessary. Members are not held strictly responsible to use only "their" income. Thus Aurovilians who had been under-maintained are now taken care of a bit better. On the other hand, participants with sufficient personal resources in the circles are expected to contribute to other circle's expenditures, but also contribute additional funds to the common pot to help the other circle, in turn. In this way, one of the purposes of the experiment was manifestly promoting an atmosphere of knowing, trusting and being concerned with each other. The experience of the nine circles together are considered as one pot, which means that a surplus income in one circle would compensate for a deficit from another circle. A contribution of Rs 100,000 a month from Maroma, a commercial unit of Auroville, serves as an additional buffer to cover deficits.

One year on, we find the circles developing an inner cohesion based on love and trust and holding the promise for future initiatives. Evaluating the experiment at this point in time, positive developments as well as difficulties have been observed.

On the up-side, two important lessons were learnt. About 80% of those participating in the circles are those who live on a community maintenance and are largely under-maintained. The pooling of individual contributions has been insufficient to provide the basic needs of all circle participants, notwithstanding the fact that some circle participants with personal resources contribute more than just their own expenses. The support for its financial resources. It is true that we often have a high contribution rate but the specified contributions are not clearly known and cannot be studied.

Also, cash reserves are kept as a security when they could circulate more if transparency and mutual trust existed. I would rather credit the systemic effect for what is positive in performance: when you have private property, interest and dividend and state-tax from an economic system, you create a mechanism that has to be centered around self-giving and service, something is bound to happen. If the units can allocate around 20% of their profit to the collective, it is for macro and micro-economic reasons. On the macro-economic side, the absence of private property has a direct consequence on the capacity of the units to contribute, for when no dividends have to be paid to shareholders and no loans taken (the assets do not belong to the unit and can thus not be used to mortgage loans) then no interest has to be paid, and you get more available profit to contribute to the collective. On the support, the unit holders to contribute is greater when their contributions are not fixed under a compulsory tax system. But these technical features do not work on their own. Their final success depends on the way in which they are set, organized around a specific set of values, orientated towards a giving, which have been accepted by the community and thus arbitrate more or less the collective life and the individual decisions in a manner which tolerates even defects in its application. The centrist role of values in economic mecha-

nisms has thus began to be illustrated here in Auroville, and this is already a useful contribution in the present eco-nomic context of globalization.

Jean-Yves: evaluating business performance

Auroville's Commercial Units

Allocation of profit over the last six years

(index of evolution - 100 = 1994-95)

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Don: helping to supervise the circle experiment

The sacred pillars

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