

# Platform Duurzame en Solidaire Economie

Expert meeting Een Nieuwe New Deal - 16 oktober 2008

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## Economic Policy in Transition towards another Civilization

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We know that about 20% of world population concentrated in the West consumes every year about 80% of exploited natural resources and energy which exploitation is concentrated essentially in countries of the South. More and more we learn about 'peak oil' and the limits of further exploitation of natural resources. In a few words we are killing our own planet to make possible supposed sustainable life of capital. This way of life and doing leads however to an ever greater ecological crisis. The consequence is an urgent demand for another way of life which implies or supposes a systemic crisis. A radical change is necessary as sustaining economic growth is impossible and not desirable. More and more we become aware that economic growth is not the identical with better life. On the contrary, better life may require negative growth. In Western countries there is an ongoing discussion about the supposed need of economic growth. If we want to save ourselves and future generations, we have to save the earth is one of the central ideas. This is a hopeful approach that is shared by the South where most of those natural resources are exploited basically in benefit of the North.

As natural resources and principally energy become scarce, sooner or later there won't be enough of them to develop poor counties and so nor for the rich ones. Southern countries however demand more and more natural resources for their own development. In Latin America this is particularly the case. Venezuela, Bolivia, Ecuador and recently as well Paraguay demand a more direct control of their natural resources in benefit of their own development. This will be a trend in the future. It is a fact as well that since a few decades productive economic sectors have been moved towards emerging economies. China occupies the first place in this phenomenal. In the meantime, Western countries have concentrated ever more investments and credits in speculative and unproductive sectors. As a consequence demand of natural resources grew faster in the South as it did in Western countries, precisely at the moment that those resources became scarcer.

A renewed international battle for natural resources and energy is a reality. It implies ongoing wars that might get broader and broader. International conflicts particularly take place where scarce natural resources and oil are relatively abundant, that means in Southern countries. That is why the South becomes the target of an ongoing international conflict that might imply even a new world war. This is not just an abstract idea. This threat became relatively close recently in Georgia. Big powers have already an international conflict in Iraq, Afghanistan, Somalia, etc. A recent war in Georgia came very close to a new crisis

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between superpowers. Since a couple of years, a possible nuclear conflict with Iran is far from impossible. A war with Iran may implicate and even target China and Russia. The use of nuclear arms in an international conflict is a very dangerous situation. With it, the threat of self destruction becomes close. In this context, developed countries must become aware that if we want to save 'ourselves', we have to save not only our planet, but as well 'others' in the South.

### **1. The international conjuncture for a radical change**

The neoliberal economic policy is fundamentalist by principle and leads to the methodic exclusion and threatens elimination of "other" nations, cultures and religions. The neoliberal policies of the G7, through the IMF, World Bank and WTO leded finally to speculation with basic food and threaten to condemn to death by starvation, in a methodic and systematic way, of great majorities in periphery nations. Such methodic strangulation policies of whole cultures, can be considered as silent genocides and constitute a crime against all humanity. As the policies of world market division comes to its limits and huge credit policies had to sustain accumulation for another while, it leded to heavy debt of people, enterprises and States with the consequence that the financial system is close to an international collapse. In such an extreme conjuncture the demand for another civilization becomes more evident. At the same time, capitalism acquires a military expression. If our hegemony, "our" nation, culture, race or religion tends to collapse than the utmost possibility is an international war as a war threat against Iran seems to be. At the same time a real discussion about another possible world becomes a strong demand.

The Pentagon has tasked the United States Strategic Command (STRATCOM) with drawing up a contingency plan which includes a large-scale air assault on Iran employing both conventional and tactical nuclear weapons. As in the case of Iraq, Iran is accused to be involved in arms of mass destruction. In this case the country is falsely accused to produce nuclear weapons. This is seen as an act of terrorism directed against the United States. A war against Iran means the internationalization of war. Iran is one of the principal oil providers of China and China has huge investments in Iran. Russia is strongly involved in nuclear programs in Iran. Even Western Europe has strong investments in Iran. Iran was the second nation after Iraq which provoked the U.S. by changing its currency reserves from dollars to euros and demanding to pay petrol in yens or euros instead of dollars. If such a policy would go on, the demand for petrol would not lead anymore to a demand for dollars; international reserves will be less and less in dollars and a free fall of the dollar will be the consequence as the US economy itself is heavily indebted. This may take place any moment and will probably even do so in 2008.

A military approach does not really depend on democratic or republican point of view; it depends basically on the US economy at risk. A victory in battle doesn't mean winning the war as Vietnam and Iraq showed painfully. After this disaster and with a small democratic majority, an invasion with American soldiers in Iran becomes more difficult. For the same reasons, an atomic war becomes however more probable. This will have heavy geopolitical consequences and may be self-destructive. The whole world will loose. It will not prevent a deep recession almost everywhere in the world. On the contrary. Global recession means

loss of markets.

During an international recession ever more economies will disconnect from global market. Imports will fall as exports fall. With a loss of markets it becomes virtually impossible even for the biggest powers to conquer a growing piece of global market. Global market not only will shrink with recession but will be divided as well. The probable outcome will be collapse of financial capital and as a consequence a collapse of productive capital. The urgent question is how to prevent or resolve this global crisis.

Commitment with "another possible world" implies struggle for a world where many worlds may live, and against the values to save "our" culture or "our" nation, at the expense of the "others" that are supposed to be a menace for "ours". The downturn of international economy already led to xenophobic attitudes and racism and with an international war even may lead to neofascism. The intolerance and horror of this economic and political downward spiral demands a growing alternative movement and strong struggle in defense of humanity. Faced with a real threat of a spiral of terror, it is necessary to foster the conscience of an international war that nobody on this planet will be safe. The political alternative in defense of humanity will be to foment solidarity ethics. Solidarity with the "others" is the only and necessary condition for "my" salvation. To promote this type of conscience is precisely the role of social movements and political alternatives to found another possible world. Solidarity ethics allows the creation of a place for the "others", without regard to race, culture, gender or religion. Commitment with a fairer "alternative world" will combat any ideological argumentation sustaining that "our civilization, nation, culture our gender" is superior to any of the "others", and that from here derive any exclusive right to declare an international war. Solidarity ethics emerges from consciousness that there will be no life for "us" if the "others" cannot live. Solidarity ethics in the quest of the Common Good is the basic principle to emancipation from actual exclusion and oppression.

## **What to do?**

A- In the face of the threat of a global war:

a. *In the short run:*

1. Create a worldwide anti-imperialistic network to coordinate the aggregate of mobilizations against the (threat of) war on the planet, and particularly against pre-emptive wars.
  - For this, it is necessary to demand the dismantlement of all military bases and jails outside of national territories and to reject policies based on national security doctrines.
2. Strengthen the social movements against war and military occupation, as well as the solidarity with all the peoples that struggle in all the hot spots on the planet.
  - For this, it is necessary to build current and exhaustive databases of the military bases of the United States and NATO to allow an increase in the efficacy of the campaigns in favor

of their dismantlement.

- Demand an end to repression and the criminalization of social protests.

b. *In the medium run*

1. To regulate or prohibit the use and construction of nuclear weapons, and the destruction of all current stockpiles.
2. To regulate the arms control and minimize defense expenditure, with the aim of a slow and constant world disarmament, as well as the instauration of sanctions in the case of non-compliance.
3. Transfer the expenditure savings in defense expenditures at an international level to a development fund for periphery nations.

### **What to do?:**

B- In the face of the threat of an international financial crisis:

a. *In the short run:*

1. The abolition of all impositions put in place by international organisms such as the IMF or the WB, the creation of audits to allow the identification of odious debts, particularly in the South, and the cancellation of the debt in all periphery countries.
2. The creation of audits that allow the identification of the social, historical, ecological and economic debts that the core countries have with those in the periphery.
3. The creation of capital flow control (more so in speculative capital) and the suppression of fiscal paradises.

b. *In the medium run:*

1. Implement a tax system at the international level which promotes and establishes monetary income transfers from the core countries to those at the periphery, with the aim of canceling the historic, social, ecological and economic debt from the North to the South.
2. Implement an exchange system at the global level, whose regulatory principle will be solidarity and complementarity amongst nations, and not competitiveness.
3. Set up a monetary system that would be structured with a basket of supported currencies and complemented by international non-monetary reserves with a basket of not exploited and scarce natural resources. This combined with bigger quotas of natural resources for periphery countries defines systematic benefits for periphery nations. It has to define the obligations of core countries according to their internationally defined historic responsibility. The minimum goal would be a zero growth at the global level in terms of value with positive growth in the South.
4. Decisions, obligations and benefits should be destined to favor solidarity amongst countries, they would be founded on political principles and not longer on market laws

### **2. The pendulum of history and the road towards another civilization**

When efficiency is managed by and being the fundamental criterion of neo liberal economic performance, it allows only chaotic, ever more uneven and unequal growth. The discussion of alternatives becomes politically significant. To question this all-powerful efficiency means discussing alternatives to that economic rationality. Coutrot argues that

“the criteria for economic efficacy are socially determined. It depends on which criteria for efficacy are defined as priorities by a society at a given moment in history. In fact there is no abstract definition of economic efficacy and the predominance of one criterion as efficiency over others (such as sustainability or life) are not at all natural. They represent a social decision. So it is essential to regain political control of ongoing evolution”. (Coutrot, 1998: 261-4)

Coutrot's concept of efficacy refers to the benefits of economic performance viewed by content. Efficiency refers to the social form. He proposes to focus on the academic and political debate on the benefits of a new economic rationality. By proposing economic re-regulation, Coutrot is suggesting the subordination - not suppression - of efficiency to other criteria of economic performance.

Economic rationality is to be examined using the double axis of efficiency and vitality. The scale from more to less economic regulation is located between the two axes. The absolute primacy of efficiency leads to market totalization and imposition of individual interests at the expense of the citizenry's interests. The market works as the single and ultimate regulatory mechanism. State and government intervention consists of promoting economic deregulation and absolute nonintervention.

Suppressing efficiency would seem to be a logical response to destructive liberalism. Developing vitality in this way, however, precludes any market mediation, leaving little or no margin for conciliation between private interests and the common good, as was the case of real socialism. Ties to private interests tend to disappear when the market economy is suppressed and the central plan becomes the single ultimate form of economic regulation. Everything is determined by the central plan and nothing is left to citizen based initiative.

The state becomes a huge bureaucratic apparatus in charge of its implementation. Rejecting the very basis of the market leads to its total suppression and to the unintended consequence of totalizing the plan without any real democratic mediation. Another unintended effect is the substitution of the market's single voice for that of a single party that implements the plan in the name of the citizenry without any real communication between them.

Historically, Keynesianism represented the third slope between the two axes as it seeks to reconcile efficiency and vitality. It involves State conciliation of the citizenry's and private interests in the context of an essentially national economy. The legitimacy of Keynesian state intervention was based on its role as regulator of efficiency and vitality, but only so far as to protect the logic of capital accumulation. In other words, private interests outweigh the common good. The moment the nation-state no longer accomplishes this to the benefit of profit rates and capital accumulation it is delegitimized in the eyes of capital, as occurred in the 1970s.

Neo liberalism aimed to reclaim efficiency at the expense of the entire citizenry. Under this model efficiency became the single determining factor. Efficiency and private interests were to be protected even at the expense of vitality and the common good. The neo liberal state was responsible for promoting economic deregulation and protecting efficiency. This

even led to its 'voluntary and formal democratic' retreat and loss of sovereignty in favor of transnationals, as suggested in WTO. To give absolute priority to efficiency at the expense of all other economic criteria results in an exclusionary and destabilizing form of capitalism even in the North. In a neo liberal world there is in the long run even no place for all transnationals. Lower growth rates require a better access to the world markets. Multilateral disagreements make it more difficult to get a bigger piece of the existing markets. As a consequence transnational growth comes to an end. This leads to a crisis of capital which manifested itself during the stock market crash all over the world in the first few years of this century. After that war became the better mechanism to conquer markets, but even war already shows its limits.

The crisis of neo liberalism reveals the need for a new model of economic intervention capable of regulating the space between citizen interests and the common good. It is neither probable nor possible to achieve vitality by totally eradicating efficiency. This would be just another totalizing response with historically well-known effects. Globalization that tries to achieve vitality at the expense of all private interests would turn out to be simply another alternative without citizenry. A logical historical outcome could involve the regulation of private interest and the common good where, in the last instance, vitality predominates over efficiency and the common good or citizenry over private interests, without suppression of the latter. A sort of reverse Keynesianism could emerge in the near future, in which the social welfare state would be substituted by a radical democratic solidarity state to affirm life instead of maximizing profit and committed to citizenry. This state would use regulation to benefit the Common Good.

### **What to do?**

Democracy cannot be defined as the acceptance of market rules and the subordination to global markets through pluralistic elections which are controlled by foreign powers and an ideology with reductionist attitudes towards human rights.

1. First supposition is to reject the dominating conception of democracy as exposed by the occidental powers. This type of democracy consists in the imposition of the expansion of mercantilism, arbitrarily linking the latter to the recognized importance of free election and the respect towards rights. In this way, democracy is being restrained, leaving it empty and perverting their sense.
2. All possibilities of formulating a future project for the construction of a new democratic society as an alternative to the capitalist order towards 21st Century Socialism supposes in second place a deep debate regarding the historical experience of 21st Century socialism. If this debate is not carried out, there is a risk that 21st Century Socialism could become an empty slogan
3. A third supposition is that there is a strong dialectic between political democracy and social democracy, as a political democracy is incomplete and cannot remain if inequity, exploitation and social injustice persist. A social democracy cannot progress without fighting against oppression and discrimination, simultaneously remembering that no social policy can justify the absence of freedoms and the lack of respect towards fundamental freedoms

4. The struggle for democracy, thus, supposes taking into account different intervention levels according to the spaces. Company level, local democracy, national democracy, large regions, global democracy. The choice of priorities will be the result of a strategic debate.
5. Affirm that democracy needs an increasing and effective participation by the population, supposes transparency within the decision-making process and in responsibilities. Representative democracy at more aggregate levels completes and deepens participative democracy if there are effective consultation mechanisms and fiscalization forms for decision making.
6. Promoting democracy supposes undertaking struggles against inequality, injustice and discrimination, and supposes a strategic space for those that feel affected and thus supposes structural spaces for struggles and their movements.

### **3. The limits of actual economic rationality**

Under the capitalist rationale, economic production is developed in a competitive environment, in search of maximum profits. Technological innovation takes place as far as it guarantees profit rate maximization. Technological innovation per se, however, does not guarantee a higher rate of profit. The profitability of technological innovation depends on the cost of its substitution. The more a firm can produce with cutting-edge technology, the more competitive the firm will be, in principle at least. The more stimuli to technological innovation, the shorter, also, the useful life of this technology, and the more expensive the substitution cost. When the technological substitution cost exceeds the reduction in the saving in production costs through labor, profit rate will fall, instead of rising. It is as if the productivity (profitability) of labor had not changed.

The rapid growth period after Second World War was stimulated by the shortening, in a methodical way, the useful lifetime of products and technology. In this way, once again profits are realized faster. The end result was the consumer and wastage society with an increasing cost to nature, the environment and life itself. Life itself is subordinated to the economic rationale instead of the opposite. Technological substitution is increasingly accelerated and sophisticated, disregarding the cost of innovation. The reduction in the cost of the product, obtained by the economy of labour showed, since the seventies, a slower rhythm of growth than the growth in the innovation cost. The end result is as if productivity (profitability) decreases. Capital thus tends to abandon the productive sphere. The result finally is more unemployment. Under these circumstances wages decrease, the work hours rise and work is intensified. Summing up, the rate of profit rises through the raise in the exploitation rate of labour. Between 1950 and 1973 an ever master rate of technological substitution occurs. This is reflected in a reduction of the average life of technology.

In the G7 countries the average life of buildings and equipment descended from 15.7 to 10.1 years, in other words, a reduction of 35%. When the technological substitution rate increases, the substitution cost tends to rise rapidly than the savings obtained in the labour costs that the innovation implied. In this way the profit rate is reduced. The profit rate of non-financial firms in United States oscillated between 15% and 20% of

non-financial GDP during the period of 1950 and 1970; it was around 10% between 1970 and 1989, reaching a rate of only 7.5% in 2001. The answer from the big capital to this tendency to fall in the rate of profit has been to abandon investments in the productive sector and move towards the redistributive, speculative, that is, unproductive investments. Consequently one can observe a fall in the growth of investment in machinery and equipment since 1973, which moved from 4.8% between 1950-73, to 3.5% between 1973 and 1987. In a simultaneous matter a prolongation in the average life of technology from 10.1 years to 12.9 years can be observed. The raise in the average life can be explained in this juncture by an ever broader system of patents.

From 1991 to 1997, in the computer and communication age, investment in machinery and equipment grows again, mainly in United States. The development of this new technology gave, at that period, very large benefits to its producing companies. When this new technology was applied in ever-increasing economic sectors, and not as a last instance in the financial environment, the general productivity level showed disappointing figures. What happened? The average life of technology turned to even shorter periods, and the speed of technological substitution rose more than ever. The average life of building and equipment was shortened in United States from 14 to 7 years since 1987 until the end of the nineties. In Japan, the average technological life was reduced during the same period from 11 to 5 years.

With this, technological substitution seemingly reached the limits of possibility. In most of the productive sectors it is more manifest than ever the dilemma of negative profitability from technological substitution. When the costs of substitution rise more than the saving from labor shortening, benefits vanish. All this functions as if labour productivity did not rise. This is the paradox of the lost productivity in the era of new technology. In the G7 countries labor productivity grew at an annual rate of 4.3% between 1960 and 1967, it descended to 1.7% between 1979 and 1989, between 1989 and 1994 it fell even further to 1.2% and in the second half of the nineties it vanishes. This tendency is even more marked in the United States. The limits of what was possible were reached to shorten the useful life of technology, and with it, the possible limits of linking investment with production under the capitalist rationale. We are near to a systemic crisis.

### **What to do?**

A postcapitalist alternative economy parts from the vital principle of subordinating the economy to life and not of simple natural resource management to continue giving life in a perpetual way to the economy, meaning, the accumulation of capital.

- The right to life by the excluded majorities and their fair reivindication for a greater equality poses severe restrictions to natural resource usage, which are not unlimited. Their use should be subordinated to life in general, and with this, their use should also avoid devastation and predation of the planet.

- Natural resources cannot be used beyond their renovation capacity, adjusted according to the countries.

- The criteria for their use require a definition that guarantees the satisfaction of basic needs and the development for the excluded majorities, and in simultaneous way, the preservation of biodiversity and ecosystems

a. In the short run:

- Oppose agrobusinesses that destroy all subsistence cultures in hundreds of millions of farmers, whilst at the same time imposing technical modalities that produce dependency and environmental destruction.

- Oppose the privatization of vital resources such as water, guaranteeing the right to water for each person and to adjust water usage in the production sphere to the renewal rate of aquifers

- Oppose the private appropriation of natural resources and raw materials by transnational, and promote their nationalization.

- Oppose the commoditization of life, which translates into consumerism which ends up in wars over petroleum, water or others.

- Oppose "polluting rights and their market, and force the rich countries to reduce the production rate of carbon dioxide and other pollutants with the purpose of allowing poor countries to industrialize.

b. In the medium run:

- Establish solidarity agreements between periphery countries and rules regarding the implementation of restricted quotas on raw materials to the rich countries.

- Promote at the global level new production ways which demand less natural resources and promote products of a longer durability and search for substitutes for non-renewable resources

- Oppose intellectual property rights in the productive and service spheres and which privilege rent-seeking of an unproductive minority and decelerates or hinders the industrialization and development of periphery countries.

- Declare knowledge as cultural heritage for all humanity, removing all kind of patents and intellectual property rights.

#### **4. Towards an alternative solidarity economy in function of life**

Solidarity based society places the economy in function of life itself, and does not sacrifice life in function of the market economy. From the point of view of the market,

as a totalizing system, the demands of human life are perceived as distortions. Human and natural life is perceived as mere resource or means of accumulation. If accumulation does not include majorities, these constitute a distortion for capital. From the point of view of those affected humans, however, the totalization of the market economy appears as a grave distortion for all human life. As the exclusion advances, we experiment this vulnerability in a more acute and generalized way.

Faced with 20% of the world population included in the market economy that consume 80% of resources, contrasts 80% of the population which is ever more excluded, and even as superfluous for the system. The scream from the excluded collective subject claims for an alternative economy with a right to live without exclusion. Political leadership committed to another possible world demand the instauration of a Basic Citizenship Income at a world level, income that guarantees ex ante to live as citizens without dependence on the need to obtain any link with markets ("Le Monde Diplomatique, August 2005: pages 8 and 9 ).

Responsible led economy cares for life. Care is the purpose and not accumulation. Nature is to be seen as wealth and source of all life. The natural wealth as a conserved use value will surround us for a longer time. Therefore, preserving the current natural wealth is increasing the stock of wealth in the present and in the future. For a totalized market economy, the ever more accelerating, sacrificing ever more resources constitutes the source of accumulation. From here derives disparage of nature, for the conservation of natural wealth. The same occurs with the produced material wealth. The shorter the life of the produced goods, the bigger will be profits. Conservation of the natural or produced wealth increases present wealth and therefore human welfare, but not wealth as expressed in currencies. When discarding produced wealth, nature is exploited again with an ever increasing speed. In this way genuine wellbeing is eroded, but capital prospers.

In the measure that natural life is reproduced at a slower rate than capital reproduces, the collapse of nature is a question of time. With this, all human life is at stake. If one starts from the permanent accumulation of capital, it requires permanent growth and makes it impossible to talk about sustainable economies. Capital accumulation sacrifices ever more natural and human life in function of accumulation. As the destruction of nature puts human life at stake, the claim from the resistance is developed, and the preservation of the environment as a Common Good or patrimony of humanity is glimpsed. Responsible led alternative economy stands for sustainable economy which supposes and requires a solidarity economy. Solidarity will be not only with nature, but also with future generations. The loss of natural life is a decrease in wealth not only for current generations, but also for future generations and thus constitutes an economy without any solidarity. This loss of nature is not accounted for in a market economy, nor can it be accounted for in numbers. The loss of non-renewable resources means an incalculable loss. Responsible leadership has to "take care".

Solidarity economy will take care that extraction of resources will not be greater than the rate in which nature can replace them in the long run. In a care economy, the speed of re-production of materials in the economy has to decrease to adjust itself to the speed

of reproduction of nature itself. The consumption of natural renewable resources, in other words, cannot go faster than what nature is able to replace. The consumption of non-renewable resources imposes even stricter limits. Biodiversity has to be placed at the heart of an economy oriented towards regulation of the natural life in harmony with human life. The starting point for a sustainable economy is the conservation and care for human and natural lifespan through time. An economy in function of life implies a revalorization of all the life around us, including air, water and the environment in general. The natural wealth, and produced one with care will lower the contamination and so increase the genuine wellbeing, and requires less wealth expressed in monetary terms thanks to the prolongation of all life around us.

### **What to do?**

To put the economy in function of life it is necessary subordinate the quantitative in function of the qualitative in the national accounts. Genuine wellbeing does not allow itself to be measured exclusively through qualitative indicators. One needs to look for qualitative indicators. The purpose is to elaborate some starting points to orient a new social accounting in function of the plenitude of life and genuine wellbeing.

#### *a. For the economy of care to watch over natural life:*

For a sustainable economy, it is not possible to mortgage the future of the next generations. The previous implies that nature is not plundered beyond the renewal capacity by nature itself in the long run. In other words, the speed of material reproduction has to adjust to the speed of reproduction of nature itself. For this purpose, it is necessary to:

- Implement effective controls at the international level to curb consumerism and the deterioration of natural renewable resources and mainly for non-renewable (wetlands, agricultural lands, and minerals, including petroleum).
- Implement controls at an international level regarding biodiversity conservation, which is at the heart itself of an alternative economy aimed for life itself. Replanting forests for future exploitation does not only sacrifice forests and their diversity, but also biodiversity in general (the flora and fauna within it).

#### *b. For the economy of care to watch over the use-value of human products:*

Alternative accounting has to measure current wealth (use-values) no longer from the production (of value) in a given year.

- When promoting the conservation of average durability time of products and of technology, there is a substitute to the ever-increasing of disposable products.
- When accounting in a given year the existing material wealth, conservation of the latter through the years would increase the Genuine Wellbeing in future years.
  - There is a need to generate not only quality products, but also to promote the care and conservation of all we make.

- Through the rationality of caring for the duration of the made things it is possible to adjust the speed of reproduction of material wealth generated by human beings, towards the reproduction speed of nature.

#### How to suppress the economy of squandering?

- Regulate and exercise effective controls on companies for the drastic prolongation of the durability of all that is produced.
- Establish priorities of production in function of human life itself
- Reduce the negative impact of production and use of products on nature and the environment.
- Suppress publicity that promotes squandering and the "obsolete".
- Generate a new culture of information that promotes the economy of care.

#### How to define the economy of necessary and of sufficient?

The definition of such priorities cannot be in hands of the firms, as is currently the case, nor defined by a centralized State (as is the case of the currently existing socialism).

- A process that promotes participation and permanent interpellation by the citizens themselves is necessary
- This interpellation, in principle, goes from the local and in particular, towards the more general and aggregated
- The common interest of a community appears in this context as the particular interest at a more aggregate level and thus successively.

*c. For the economy of care to watch over the life of everything that surrounds us:*

- Alternative accounting measures the wealth by its content (use value), this meaning, current wealth and not new wealth generated through value form.
- Genuine Wellbeing measures not only durability of life but also the quality of it. This definition is valid not only for human beings but also for the material wealth that surrounds us.
- From the perspective of a economy of care, preventive security has to enjoy greater priority than the repair of suffered losses. The alternative insurance, in other words, is based on the solidarity principle.
- It is a solidarity principle to insure amongst all against the damages generated by fellow citizens. Even more solidarious is the prevention through all to avoid a disaster to those fellow citizens. The best preservation of current wealth requires less repair costs to produced damages.

The previous implies the following concrete policies:

- o Promote the principle of prevention above the repair of produced costs.
- o Promote the principle of repair above replacing
- o Promote preventive health above healing
- o Promote the preservation of durable consumption goods to avoid repair costs or the substitution of these goods.
- o Promote the preservation of the culture of preservation of all the wealth that surrounds us, it should enjoy greater priority than repair, and repair a greater priority than substitution.

*d. For the economy of care to watch over human life in peace:*

Defense expenditure constitutes wastage of natural and monetary resources that subtract an enormous potential for future wealth creation. Defense expenditure does increase neither indirectly nor directly the material wellbeing of humanity, instead, does it lead to the destruction of human and natural life as well as of materials. Global military expenditure in 2005 was close to US\$ 162 per capita.

There is a need to maximally reduce defense expenditure at the global level and transfer this to periphery countries as a world development fund. If this transfer of defense expenditure is successful, and the fund is destined to the 50% poorest person in the planet, this would mean an annual development fund of US\$ 324.

This would mean the USA would be forced to provide half this development fund, as it spends half the military expenditure in the world.

## **5. The necessary simultaneous transition in the North and the South.**

Faced with the global crisis, an alternative economy will inevitably have to intervene in the companies to lengthen the average life of a product as a function of the quality of those products. Capital nowadays tries to save profits through intellectual property rights, which constitute an unproductive rent. Alternative economy will stand for intellectual property as a patrimony of humanity. Alternative economy will stand for longer average life of all products in the world. If its lifespan doubles, the most consumptive quintile in the world will need half the resources and products that nowadays are generated to keep their genuine level of welfare. It could keep on living without a loss in welfare, with half the work and half the money. On this basis, alternative economy will stand for a global redistribution of income from the core to the periphery to boost production, employment, and income.

The faster average life of everything we produce in the North is extended at the core, the quicker national product can grow in the periphery and the faster the income levels are evened around the world. Alternative economics will stand for a combination of the "economy of the necessary" and the "economy of the sufficient". Concrete policies are to be elaborated about the "economy of the sufficient" and the "economy of the necessary" in favor of the South. This combination of policy making about what is

necessary and what does mean sufficient only may be achieved with a radically participative democracy. In this context, it will be obvious that nature only can be saved if growth rate at the periphery is less then rhythm of liberation of resources at the core by extending average life span of products in the North. Alternative economics will stand for reaffirming life in all its dimensions and to achieve the Common Good as a joint project of all humanity. Alternative economics stands for a utopia with a world where there is place for all worlds in the highest possible equality and in harmony with nature. Alternative economics stands for the inclusion of everybody in the political decisions. Alternative economics stands for horizontal inclusive relations.

An alternative and more qualitative accountability has to be developed. The traditional Gross National Product just measures the quantitative or formal aspects of economy but precisely not the qualitative ones, or the content of economy. The central idea is how to subordinate these formal aspects of economy or wealth, to its content, or wellbeing of mankind and nature. It is impossible to measure, in quantitative terms, wellbeing and it cannot be reflected by the quantitative measures of the wealth of nations. The index of human development introduced by United Nations already showed the poor status of GNP. In economy however it keeps being the most important component. In an alternative economy, GNP will have to be substituted by qualitative measures of wellbeing. Quality of life will be the central point of analysis and not quantity of money measured by sold goods and services in the market.

If annual production diminishes in terms of money, so do wealth, but not wellbeing if average lifespan of national product rises. The mass of money present in society loses its relation with annual national product. With a smaller product too much money is in circulation. If money won't get out of circulation it will lose its value. A global tax flow from North to South becomes a possibility and necessity at the same time, as national product on the average will slow down in the North. As fast as grows average life span of national product in the North that fast may grow global tax flow from North to South. Consumption benchmarking in the North has to lower consumerism and will lower national product in northern societies for a second reason. This means a second tax flow from North to South.

Tax flow from North to South will grow by both means. As a consequence the economy of the necessary in the South may be developed at a higher velocity than national product may slowdown in the North. In practice it is possible and desirable that global taxes will be demanded first from the South and as to force to raise lifespan of national product in the North. If the rhythm of growth of national product in the South guards relation with the slowdown of national product in the North, interest rates tend to zero internationally: in the North however they will be negative meanwhile in the South positive. This leads to a flow of money from North to South. In this way more equal income redistribution will be pushed by two tendencies: a slowdown of income without loss of wellbeing in the North and a fast income growth in the South with a simultaneous gain of wellbeing. If negative growth rate of national product in the North that becomes bigger than positive growth rate in the South, interest rates on the average will become negative. From then on, any kind of capital accumulation will be

impossible. Nature will be the winner as the rhythm of material reproduction in this way will come closer to rhythm of reproduction of nature.

### **What to do?**

Let's work for an "economy of the sufficient" in combination with an "economy of the necessary"

- Promote greater durability and better quality of final products, there is an increase in "genuine productivity", even when there is a reduction in the production of material wealth. When promoting this reduction on new wealth, there is an increase in current wealth.
- Promote the same or greater wellbeing with less work. The previous is achieved with a global economic regulation which promotes the increase in "genuine productivity" of labor.

- This is achieved through:

- . The prolongation of the average life of products and technology through the quality of the previous in core countries.
- . Establishing priorities in what is to be produced through a combination of the "economy of the sufficient" with the "economy of the necessary".
- . The combination of the "economy of the sufficient" with the "economy of the necessary" points to satisfying genuine needs instead of fabricated desires.

The result is an increase in the synthetic index of "genuine productivity" which is measured from leisure time. An increase in leisure time is a gain in genuine wellbeing and the reduction a loss. When reducing the production of new wealth the mass of money yearly present losses relationship to new produced wealth. If money remains in these nations, it devalues. This would be the case of the core countries. Due to this:

- There is a need to promote monetary flows, through a solidarity tax, from the "economy of the sufficient" towards an "economy of the necessary". In this way there is a stimulus to the genuine welfare in the periphery without a loss of welfare in the core.
- Promote that the rhythm in which new wealth creation rate is reduced in the core countries should be linked at least with the rate in which money is transferred to the South.
- Establish as a minimum goal to achieve a global growth of at least zero. With this, an international interest rate would tend to zero, with the understanding that there would be positive growth in terms of value in the south, and as such, a positive rate in the South, and negative growth in the North, implying a negative interest rate. Therefore, there will be a North-South flow of money.
- Promote to a maximum degree the prolongation of the average life of all products in core countries to promote the maximum transfer of natural resources and money to

the periphery. At the same time, promote the production of products with long average life in the south.

- When this is achieved, maximum egalitarian redistribution of income and labor will be promoted at a global level.

The history of domination of the periphery countries in general and of Latin America specifically and the current development model has put our people and communities in a situation of poverty, exclusion and despoilment of our wealth, our traditions and the basis for our life: our environment and our territories in benefit of 15% of the global population, which consumes 80% of the natural resources.

- For the people of the South to aspire to genuine development, it is an assumption to revert their situation as subordinates of the commercial interests of multinationals towards the interests of all people.

After years of neoliberal experiments, not only the privation of the excluded people are ever greater, but also the states have lost control over the management of their strategic resources due to the imposition of the market logic which favors great oligopolies of transnational firms.

- In the face of transnational aggressions of extractive industries, and as an answer, our communities have the right to fight for the recuperation of their territories and of full management of their natural resources.

- To achieve this, first one needs to fight the criminalization of these struggles by the people by the governments in the face of transnational power.

- Latter the paradigm change is reinvoked of extractive development towards human sustainable development.

In this context, Latin American people, reunited within the framework of the Social Summit for Integration in Cochabamba in 2006, demanded to current presidents and their representatives to consider the following statements:

a. In the short run:

- Strengthen the recuperation of property and control of natural resource processes, as well as for extractive industries, with a real progress towards a future continental integration, with respect for the people and the environment, under the direction, control and execution of the South American States, without the participation of transnational capital and breaking up private monopolies.

- Advance in the derogation of bilateral treaties of investment protection, reestablishing the sovereignty of the people

- Guarantee the exercise of the rights over territories and natural resources of the people through vinculative consultations, veto and other such means.

- Guarantee the rights of communities in denouncing the negative actions of extractive industries and the responsibility of governments of investigating, clarifying and sanctioning these cases.

- Include in the juridical international frameworks the environmental crimes and economic crimes.

b. In the medium run:

- Prioritize economic activity of the countries in function of the interests of the majority of the population, respecting their traditional productive activities.
- Direct the generated income from extractive industries to guaranteeing sovereignty and alimentary security of the people, as well as empowering the productive activities that favour the conservation of the environment and sustainable use of natural resources.
- To break and reverse the subordination of the internal prices of the generated products by extractive industries, to the international markets and the economic level of the northern metropolises.
- Demand the indemnization and compensation, as well as the reparation of passive and active environmental damages.
- Make prevail the self-determination of the Latin American peoples in the management of their territories.

### **6. Towards democratic participation in the economic process itself.**

For the homo oeconomicus 'needs' are unlimited and abstract. From the perspective of life itself and by means of citizen-led regulation they become more concrete and may be identified. Unlimited wants emerge from the logic of perpetual creation of value and surplus value, and not from people's real needs. 'Unlimited needs' are a cultural value based on the ideal concept of wealth by-form. On this basis capitalism produces globally what is possible to do so without satisfying real social needs. Meeting every person or citizen's basic needs now takes priority over per capita production and the growth of wealth. The primary focus shifts from the unbridled race to produce value and profits by meeting minority groups' artificial needs to ensuring the community's general quality of life (Roustant et al., 1996: 13, 42).

Once depreciation is regulated it is possible to control trends and channel investment to satisfy unmet needs. This rationality is driven by people's concrete needs and not by the private need for constant realization of value and surplus value. In a democratic citizen-led economic regulation, as a principle, one will produce locally what is possible to produce locally and produce at a national level what is possible to do so and, only will produce at a more global scale what is impossible to do so at a lower level. Only in this way we may obtain a citizen-led radical democratic economy in function of life itself. Full democracy must be truly citizen-based and not centered ultimately on private interests. Democratization along with the social welfare state reached its limits as soon as profit rates fell. The only way to expand participatory democracy was to invert the relationship between private interest and the citizenry. Under the social welfare state, citizen rights were determined by the fact that most of the active-age population was included in wage relations and in function of capital, but not by their membership in the totality.

Alternative economic policy has to make bottom up and not top down consumption "benchmarks". Top down consumption priorities defined actually by transnational enterprises leads to consumerism. Bottom up consumption "benchmarks" have to be made which imply the formulation of consumption priorities in every day life with consciousness about milieu and nature. This implies a process of constant interpellation

from the particular necessities from the bottom of society to come to the common good at higher levels. This kind of interpellation has to start at a local level. The common good at a local level implies however a particular interest from a regional or national point of view. Interpellation of local particular interests will lead to the common good at a regional level, and so on. Interpellation has to take place at every level. The common good at a national level or even at a global level will depend on the interpellation of the successive different common goods defined at lower levels.

From the market economy perspective, we only exist and have economic and social rights in so far as we exchange our labor force for money. According to the neo liberal view, social rights and citizenship originate in and are limited by exchange relations rather than in the totality. Chronically unemployed and excluded thus tend to be stripped of all rights. Citizen rights are not derived from membership in a society defined a priori as a nation or a people. We are members of society to the extent that we participate in its market. (Neo) liberal society is constructed from the parts and not the other way around.

According to this perspective, the existence of citizens' rights does not depend on membership in a nation or human community. They are created and destroyed within the confines of the market. We exist and have that right only as long as we exchange our labor (force) in the market. Those who do not are not considered part of that whole constructed from the parts. A project for society that places the citizenry above market relations is grounded in a concrete totality - a community of real human beings with real needs. In such a society, the citizenry is defined a priori and without exclusions: 'I no longer exist only so long as I exchange.

Non-quantifiable voluntary and domestic labor and (the conservation of) nature all contribute to the reproduction of the whole. From this point of view they have the right to receive income. It is not a matter of putting a price on domestic labor as already is done with nature or increasing the sum of the parts. An alternative approach is more qualitative than quantitative. The logic of the simple sum of the parts involved in exchange is replaced with a different type of economic calculations. Just as life is defined more in terms of quality of life and less as 'life expectancy' or quantity of life, social bookkeeping is becoming more qualitative and focusing more on quality of life.

### **What to do?**

An economy in function of life demands higher degrees of personal liberty, which supposes a granted income. This granted income must not depend on full employment policies. Income must not depend on a supposed relationship with the labor market.

- Actual difference between paid and non paid labor in the community or at home has to disappear.

- Work does not continue as the central axis of human kind and society but leisure and self development.

- In the context of concrete human life, actual non paid labor is as important as or even more important than actual paid labor. Considering things by its content, actual paid labor has to be subordinated by actual non paid labor as the latter is intimately linked up with life itself.

- As income becomes independent of markets, obligations and rights have to be defined in relation with my community, and the rights and obligations of my community have to be defined in relation with my society. Finally, rights and obligations of my society or my country have to be defined at a world scale.

- Rights and obligations no have longer to depend on my better or worse relationship with the market, but has to be defined by the relationship with my community and this one in turn with my society. The rights and obligations of my society or country with world community no longer have to depend upon the better or worse relationship with the market. The rights and obligations have to be defined by a participative democratic process and not the result of a top down representative democratic system and even less of a stronger or weaker private position on the market.

This implies that a granted world income has to be defined. This implies as well a democratic world wide discussion about real human necessities and not a top down definition of it.